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Nos. 82-5279 and 82-5331

In the Supreme Court of the United States

OCTOBER TERM, 1982

ARTHUR DIXSON, PETITIONER

v.

UNITED STATES OF AMERICA

JAMES LEE HINTON, PETITIONER

v.

UNITED STATES OF AMERICA

ON WRITS OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

JOINT APPENDIX

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RELEVANT DOCKET ENTRIES

UNITED STATES OF AMERICA

v.

ARTHUR DIXSON AND JAMES LEE HINTON

CRIMINAL NO. 81-10007

United States District Court for the Central District of Illinois, Peoria Division, Judge Robert D. Morgan, District Judge

Date	Document No.	Proceedings
3/12/81	1. BOTH	Indictment returned.
4/17/81	21. HINTON	Motion to Dismiss filed with Memorandum.
4/21/81	24. DIXSON	Motion to Dismiss filed.
4/27/81	27. BOTH	Response to Defendants' Motions to Dismiss filed by U.S.A. with Memorandum.
6/10/81	44. HINTON	Motion in Arrest of Judgment filed by Defendant.
6/10/81	45. HINTON	Motion for New Trial filed by Defendant.
6/10/81	46. DIXSON	Motion in Arrest of Judgment and for a new trial filed by defendant.
7/17/81	50. DIXSON	Parties pre. in o/c w/c for sentencing. Hearing on MO for new trial. MO DENIED. Court affords deft. and his atty an opportunity to comment on the present. report, & to make statement in mitigation of punishment. Neither does. ORDERED by the Court that deft. is committed to the custody of the Atty. Gen. for imprisonment for a period of seven & one-half (7-½) yrs. as to counts 1 thru 7. Said Sentences to run concurrently. Imposition of any other sent. to imprisonment is suspended as to Counts 10 & 11 & the deft. is placed on prob. for a period of three (3) yrs. on ea. count to run concurrently. Said probation period to commence on termination of supervision on any parole on the sent. imposed herein. SPECIAL CONDITIONS of prob. is that the deft. maintain employment & contribute to the support of his dependents. Further ORDERED that execution of sent. is suspended pending appeal. (See Judgment & Commitment) copies dist. to AUSA, Marshall & Probation. Deft. advised by the Court of his constitutional right to appeal. ORDERED that existing bond remain in full force & effect.

Date	Document No.	Proceedings
7/17/81	51. HINTON	Parties pres. in o/c w/c for sentencing. Hearing on MO for new trial & arrest of Judgment, MO DENIED. Court affords deft. & his Atty. an opportunity to comment on the pre-sent. report, & to make statement in mitigation of punishment. Neither does. ORDERED by the Court that deft. is committed to the custody of the Atty. Gen. for imprisonment for a period of seven and one-half (7-½) yrs. as to Counts 1 thru 6. Said sentence to run concurrently. Imposition of any other sentence to imprisonment is suspended as to Counts 8 thru 11 and deft. is placed on prob. for a period of three (3) yrs. on ea. count to run concurrently. Said prob. commence on termination of supervision in any parole on the sentence imposed herein. SPECIAL CONDITIONS of prob. is that the deft. maintain employment & contribute to the support of his dependents. FURTHER ORDERED that execution of sent. is suspended pending appeal (See Judgment & Commitment) copies dist. to AUSA, Marshall & Probation. Deft. advised by the Court of his constitutional right to appeal. ORDERED that existing bond remain in full force & effect.

IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF ILLINOIS
PEORIA DIVISION

UNITED STATES OF AMERICA, PLAINTIFF,

v.

ARTHUR DIXSON AND JAMES LEE HINTON, DEFENDANTS.

CRIMINAL NO. 81-10007

Vio: Title 18, Section 201, United States Code.

INDICTMENT—Filed March 12, 1981

The Grand Jury Charges:

COUNT I

1. That from October 1, 1979, through and including May 1, 1980, in the Central District of Illinois and within the jurisdiction of this Court, Arthur Dixson was employed and functioning as the Executive Director of United Neighborhoods, Incorporated.

2. That from October 1, 1979, through and including May 1, 1980, in the Central District of Illinois and within the jurisdiction of this Court, James Lee Hinton was employed and functioning as a Housing Rehabilitation Coordinator for United Neighborhoods, Incorporated.

3. That United Neighborhoods, Incorporated, during all times in issue was a corporation with its principal place of business located at 219 South Saratoga, Peoria, Illinois.

4. That at all times in issue, the City of Peoria, Illinois, was the recipient of funds from the United States Department of Housing and Urban Development, a Department of the Government of the United States of America.

5. That said funds referred to in paragraph 4 consisted of $400,000.00 via a Community Development Block Grant, and $638,000.00 via Federal Metro-Reallocation Grants.

6. That at all times in question, United Neighborhoods, Incorporated, was under contract with the City of Peoria, Illinois, to administer the above grants.

7. That as employees of United Neighborhoods, Incorporated, (UNI), Arthur Dixson and James Lee Hinton were involved in accepting bids and awarding and administering contracts between UNI and general housing contractors for the rehabilitation of housing covered by the grants referred to in paragraphs 4 and 5.

8. That on or about the 22nd day of October, 1979, Arthur Dixson and James Lee Hinton, being "public officials" within the meaning of Section 201(a) of Title 18, United States Code, corruptly did, directly and indirectly, ask, demand, exact, solicit, seek, accept, receive, and agree to receive from Ora Logsdon, a thing of value, to wit: $3,471.58 in United States currency, in return for said Arthur Dixson's and James Lee Hinton's being influenced in their performance of an official act in respect to the awarding of housing rehabilitation contracts; in violation of Title 18, United States Code, Section 201(c)(1).

COUNT II

1-7 Paragraphs 1 through 7 of Count I of this Indictment are hereby realleged and incorporated by reference as fully set forth herein.

8. That on or about the 26th day of October, 1979, Arthur Dixson and James Lee Hinton, being "public officials" within the meaning of Section 201(a) of Title 18, United States Code, corruptly did, directly and indirectly, ask, demand, exact, solicit, seek, accept, receive, and agree to receive from Ora Logsdon, a thing of value, to wit: $3,000.00, in United States Currency, in return for said Arthur Dixson's and James Lee Hinton's being influenced in their performance of an official act in respect to the awarding of housing rehabilitation contracts; in violation of Title 18, United States Code, Section 201(c)(1).

COUNT III

1-7 Paragraphs 1 through 7 of Count I of this Indictment are hereby realleged and incorporated by reference as fully set forth herein.

8. That on or about the 1st day of November, 1979, Arthur Dixson and James Lee Hinton, being "public officials" within the meaning of Section 201(a) of Title 18, United States Code, corruptly did, directly and indirectly, ask, demand, exact, solicit, seek, accept, receive, and agree to receive from Ora Logsdon, a thing of value, to wit: $5,211.96, in United States Currency, in return for said Arthur Dixson's and James Lee Hinton's being influenced in their performance of an official act in respect to the awarding of housing rehabilitation contracts; in violation of Title 18, United States Code, Section 201(c)(1).

COUNT IV

1-7 Paragraphs 1 through 7 of Count I of this Indictment are hereby realleged and incorporated by reference as fully set forth herein.

8. That on or about the 2nd day of November, 1979, Arthur Dixson and James Lee Hinton, being "public officials" within the meaning of Section 201(a) of Title 18, United States Code, corruptly did, directly and indirectly, ask, demand, exact, solicit, seek, accept, receive, and agree to receive from Ora Logsdon, a thing of value, to wit: $3,926.00, in United States Currency, in return for said Arthur Dixson's and James Lee Hinton's being influenced in their performance of an official act in respect to the awarding of housing rehabilitation contracts; in violation of Title 18, United States Code, Section 201(c)(1).

COUNT V

1-7 Paragraphs 1 through 7 of Count I of this Indictment are hereby realleged and incorporated by reference as fully set forth herein.

8. That on or about the 19th day of November, Arthur Dixson and James Lee Hinton, being "public officials" within the meaning of Section 201(a) of Title 18, United States Code, corruptly did, directly and indirectly, ask, demand,

exact, solicit, seek, accept, receive, and agree to receive from Ora Logsdon, a thing of value, to wit: $5,335.00, in United States Currency, in return for said Arthur Dixson's and James Lee Hinton's being influenced in their performance of an official act in respect to the awarding of housing rehabilitation contracts; in violation of Title 18, United States Code, Section 201(c)(1).

COUNT VI

1-7 Paragraphs 1 through 7 of Count I of this Indictment are hereby realleged and incorporated by reference as fully set forth herein.

8. That on or about the 23rd day of November, 1979, Arthur Dixson and James Lee Hinton, being "public officials" within the meaning of Section 201(a) of Title 18, United States Code, corruptly did, directly and indirectly, ask, demand, exact, solicit, seek, accept, receive, and agree to receive from Ora Logsdon, a thing of value, to wit: $1,121.71, in United States Currency, in return for said Arthur Dixson's and James Lee Hinton's being influenced in their performance of an official act in respect to the awarding of housing rehabilitation contracts; in violation of Title 18, United States Code, Section 201(c)(1).

COUNT VII

1-7 Paragraphs 1 through 7 of Count I of this Indictment are hereby realleged and incorporated by reference as fully set forth herein.

8. That on or about the 27th day of November, 1979, Arthur Dixson, being a "public official" within the meaning of Section 201(a) of Title 18, United States Code, corruptly did, directly and indirectly, ask, demand, exact, solicit, seek, accept, receive, and agree to receive from Ora Logsdon, a thing of value, to wit: $8,000.00, in United States Currency, in return for said Arthur Dixson's being influenced in his performance of an official act in respect to the awarding of housing rehabilitation contracts; in violation of Title 18, United States Code, Section 201(c)(1).

COUNT VIII

1-7 Paragraphs 1 through 7 of Count I of this Indictment are hereby realleged and incorporated by reference as fully set forth herein.

8. That on or about the 21st day of December, 1979, James Lee Hinton, being a "public official" within the meaning of Section 201(a) of Title 18, United States Code, corruptly did, directly and indirectly, ask, demand, exact, solicit, seek, accept, receive, and agree to receive from Ora Logsdon, a thing of value, to wit: $6,000.00, in United States Currency, in return for said James Lee Hinton's being influenced in his performance of an official act in respect to the awarding of housing rehabilitation contracts; in violation of Title 18, United States Code, Section 201(c)(1).

COUNT IX

1-7 Paragraphs 1 through 7 of Count I of this Indictment are hereby realleged and incorporated by reference as fully set forth herein.

8. That on or about the 19th day of February, 1980, James Lee Hinton, being a "public official" within the meaning of Section 201(a) of Title 18, United States Code, corruptly did, directly and indirectly, ask, demand, exact, solicit, seek, accept, receive, and agree to receive from Ora Logsdon, a thing of value, to wit: $2,000.00, in United States Currency, in return for said James Lee Hinton's being influenced in his performance of an official act in respect to the awarding of housing rehabilitation contracts; in violation of Title 18, United States Code, Section 201(c)(1).

COUNT X

1-7 Paragraphs 1 through 7 of Count I of this Indictment are hereby realleged and incorporated by reference as fully set forth herein.

8. That on or about the 12th day of March, 1980, Arthur Dixson and James Lee Hinton, being "public officials" within the meaning of Section 201(a) of Title 18, United States Code, corruptly did, directly and indirectly, ask, demand, exact, solicit seek, accept, receive, and agree to receive from Gerald Lee Lilly, a thing of value, to wit: $2,000.00, in

United States Currency, in return for said Arthur Dixson's and James Lee Hinton's being influenced in their performance of an official act in respect to the awarding of housing rehabilitation contracts; in violation of Title 18, United States Code, Sections 201(c)(1) and 2.

COUNT XI

1-7 Paragraphs 1 through 7 of Count I of this Indictment are hereby realleged and incorporated by reference as fully set forth herein.

8. That on or about the 26th day of March, 1980, Arthur Dixson and James Lee Hinton, being "public officials" within the meaning of Section 201(a) of Title 18, United States Code, corruptly did, directly and indirectly, ask, demand, exact, solicit, seek, accept, receive, and agree to receive from Ora Logsdon, a thing of value, to wit: $2,627.80, in United States Currency, in return for said Arthur Dixson's and James Lee Hinton's being influenced in their performance of an official act in respect to the awarding of housing rehabilitation contracts; in violation of Title 18, United States Code, Section 201(c)(1).

A True Bill.

CHARLES E. HIPPLES
Foreman

GERALD D. FINES
United States Attorney

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF ILLINOIS

UNITED STATES OF AMERICA, PLAINTIFF,

v.

JAMES HINTON, ET. AL., DEFENDANT.

Crim. No.: 81-10007

MOTION TO DISMISS—Filed April 17, 1981

James Hinton, defendant, by his attorney, RICHARD D. TRAINOR, moves the Court pursuant to Rule 12b of the Federal Rules of Criminal Procedure for an order dismissing the Indictment, on the following grounds:

1. The Indictment does not state facts sufficient to constitute an offense against the United States or the laws thereof.

This motion is based on the files and records of this case and the Memorandum attached hereto and filed herewith.

JAMES HINTON

BY: RICHARD D. TRAINOR

QUINLIVAN & TRAINOR,
his attorneys

DATED: April 15, 1981

QUINLIVAN & TRAINOR
Attorneys for the Defendant
221 North LaSalle Street—Suite 1812
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Phone: (312) 346-5180

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF ILLINOIS

UNITED STATES OF AMERICA, PLAINTIFF,

v.

JAMES HINTON, ET. AL., DEFENDANT.

CRIM. NO.: 81-10007

MEMORANDUM—Filed April 17, 1981

Facts:

At all times in issue the City of Peoria, Illinois was the recipient of funds from the United States Department of Housing and Urban Development. United Neighborhoods, Inc. was a community organization located in Peoria, Illinois. United Neighborhoods, Inc. was selected by the City of Peoria to administer the above grants. In turn, United Neighborhoods, Inc. entered into contracts with individual housing contractors for the rehabilitation of housing. The contractors were paid with the above mentioned Federal funds. James Hinton, the defendant, was an employee of United Neighborhoods, Inc. with the title of Housing Rehabilitation Coordinator. His duties included accepting bids and awarding contracts. He is charged with violating 18 USC 201(c).

The issue raised by this motion is whether James Hinton is a public official within the meaning of 18 USC 201.

Defendant is charged with violating 18 USC 201(c). That section provides that a public official or a person selected to be a public official who corruptly asks, demands, exacts, solicits, seeks, accepts, receives, or agrees to receive anything of value for himself or any other person in return for being influenced in his performance of any official act is subject to fine and imprisonment.

"Public official" is defined in Section 201(a) in pertinent part as an—

> "officer or employee or person acting for or on behalf of the United States or any department, agency, or

branch of Government thereof, including the District of Columbia, in any official function, under or by authority of any such department, agency, or branch of Government."

For the purpose of deciding of person's status as a "public official" under 18 USC 201, it is not the aspects of the particular project which are of greatest significance, but the character and attributes of the person's employment relationship, if any, with the Federal Government, *United States vs. Loschiavo*, 531 F2d, 659 (1976).

In the present case, James Hinton had no employment relationship whatsoever with the Federal Government. He was hired by United Neighborhoods, Inc. He was paid by that organization and answerable to its board of directors. As alleged in the Indictment, James Hinton was involved in accepting bids and administering contracts between United Neighborhoods, Inc. and the individual housing contractors. He was acting on behalf of that organization, not the City of Peoria or Department of Housing and Urban Development.

Further support for defendant's position is found in the case of *United States v. Del Toro*, 513 F.2d 656 (1975). In *Del Toro*, the Court of Appeals for the Second Circuit held that defendant, an Assistant Administrator of a model cities program, who was a city employee, was not a public official for purposes of 18 USC 201 even though the Federal Government provided 100% of the cost of the model cities program and 80% of its salaries and even though the Department of Housing and Urban Development supervised activities to some extent. In reaching its holding, the Court placed emphasis on the modifying phrase in 201(a), "under or by authority of any such department, agency, or branch of government." The fact that Federal funds were involved was not controlling. Likewise, in the present case, the Court should look to whether James Hinton was acting "under, or by authority of any such department, agency, or branch of government." In short, the definition of "public official" as contained in § 201(a) should be construed as a whole.

James Hinton, as an employee of United Neighborhoods, Inc., was acting under authority of that organization in dealing with the individual contractors. He was answerable to the Board of Directors of United Development, Inc. He had no dealings with the Department of Housing and Urban Development and it can not be said that he was acting under or by the authority of that agency.

The fact that Federal funds were involved should not by itself serve to confer jurisdiction of this case. That fact does not make James Hinton a "public official" for purposes of 18 USC 201. A reading of the statute does not disclose an apparent Congressional intent to include individuals such as James Hinton within the ambit of 18USC 201. Ambiguity concerning the ambit of criminal statutes should be resolved in favor of lenity, *Rewis vs. United States*, 401 US 808, 812, 91 S.Ct. 1056, 1059, 28 LEd2 493 (1971).

In conclusion, it is submitted that James Hinton was not a public official within meaning of 18 USC 201 (a). Therefore, the Indictment should be dismissed.

IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF ILLINOIS
PEORIA DIVISION

No. 81-10007

UNITED STATES OF AMERICA, PLAINTIFF,

v.

ARTHUR DIXSON, ET AL., DEFENDANTS

MOTION TO DISMISS—Filed April 21, 1981

NOW comes the Defendant, ARTHUR DIXON, by Emmett W. Lally, court-appointed counsel, and moves to dismiss the indictment against him and states:

1. Defendant JAMES HINTON previously filed a MOTION TO DISMISS the indictment against him alleging that he is not a "public official" under the provisions of 18 USC 201.

2. In support of his position HINTON has filed a memorandum citing the authority upon which he relies and outlining the rationale of his argument.

3. DIXSON, by this motion, joins in HINTON'S motion and incorporates by reference as though fully set out herein the same memorandum and its authority and rationale.

WHEREFORE, Defendant ARTHUR DIXSON prays that the court dismiss this cause now pending against him and that he go forth *sine die*.

Respectfully submitted,

ARTHUR DIXSON

BY: /S/ EMMETT W. LALLY

EMMETT W. LALLY, ATTORNEY AT LAW
2214 N. KNOXVILLE AVE., PEORIA, IL. 61603
309/688-2600

CERTIFICATE OF SERVICE (Omitted in printing)

IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF ILLINOIS
PEORIA DIVISION

No. 81-10007

UNITED STATES OF AMERICA PLAINTIFF,

v.

ARTHUR DIXSON AND JAMES LEE HINTON, DEFENDANTS

RESPONSE TO DEFENDANTS' MOTIONS TO DISMISS—Filed April 27, 1981

Comes now the United States of America by Gerald D. Fines, United States Attorney, and Terry G. Harn, Assistant United States Attorney, for the Central District of Illinois, and states in response to defendant James Hinton's Motion to Dismiss and defendant Arthur Dixson's Motion to Dismiss the following:

1. That the Indictment does state such facts sufficient to constitute an offense against the United States and the laws thereof.

2. That the attached Memoranda of Law sets forth a valid legal basis for this Indictment.

THEREFORE, the United States of America respectfully prays that the Motions to Dismiss be denied.

UNITED STATES OF AMERICA

GERALD D. FINES
UNITED STATES ATTORNEY

/s/ TERRY G. HARN

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IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF ILLINOIS
PEORIA DIVISION

No. 81-10007

UNITED STATES OF AMERICA, PLAINTIFF,

v.

ARTHUR DIXSON AND JAMES LEE HINTON, DEFENDANTS.

MEMORANDA—Filed April 27, 1981

During the periods referred to in the Indictment, United Neighborhoods, Inc., was a sub-recipient of grant numbers from the Department of Housing and Urban Development. The purpose of the grant was to rehabilitate housing in a certain designated area of the City of Peoria.

The defendants Arthur Dixson and James Lee Hinton were employed by United Neighborhoods, Inc., to perform certain administerial functions with respect to this grant money within the guidelines established by the Department of Housing and Urban Development. Their duties included the accepting of bids and the awarding of contracts. While in performance of that duty, they received "kickbacks" or bribes from housing contractors. The purpose of the bribes was to influence the defendants' actions with respect to the awarding of contracts. The defendants were clearly public officials acting under authority from HUD. As outlined in the case of *United States* v. *Griffin*, 401 F. Supp. 1222 (S.D. Ind. 1975), affirmed, 541 F.2d 284 (7th Cir.), an employee of a private corporation can be considered a public official where the duties he was performing were under authority granted to him by a federal agency. In the present case, a contractural relationship existed between United Neighborhoods, Inc., the City of Peoria, and the Department of Housing and Urban Development. Absent that relationship, the HUD money would never have been given to UNI. The authority to administer the money was the result of a contract. The activities in question involved the administering of those monies. Therefore, when administering

these programs, the defendants were acting under authority granted to them by contract and were public officials.

UNITED STATES OF AMERICA

GERALD D. FINES
United States Attorney

/s/ Terry G. Harn

TERRY G. HARN
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IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF ILLINOIS
PEORIA DIVISION

CRIMINAL NO. 81-10007

UNITED STATES OF AMERICA, PLAINTIFF,

v.

JAMES LEE HINTON, ET. AL., DEFENDANTS.

MOTION IN ARREST OF JUDGMENT—Filed June 10, 1981

The Defendant moves the court to arrest the judgment for the following reason:

1. The Indictment does not state facts sufficient to constitute an offense against the United States.

JAMES HINTON

By: /s/ RICHARD D. TRAINOR
QUINLIVAN & TRAINOR,
His attorneys.

Dated: June 8, 1981

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IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF ILLINOIS
PEORIA DIVISION

CRIMINAL NO. 81-10007

UNITED STATES OF AMERICA, PLAINTIFF,

v.

JAMES LEE HINTON, ET. AL., DEFENDANTS

MOTION FOR NEW TRIAL—Filed June 10, 1981

The Defendant moves the Court to grant him a new trial for the following reasons:

1. The Court erred in denying Defendant's motion for acquittal made at the conclusion of the evidence.

2. The Court erred in sustaining objections to questions addressed to witness Ora Logsdon.

3. The Court erred in refusing to instruct the jury as requested by Defendant.

4. The Court erred in sustaining objections to questions addressed to witness Rodney Haynes.

5. The Court erred in refusing to grant a separate trial to Defendant.

6. The Court erred in refusing to allow a change of venue, due to prejudicial pre-trial publicity in the case.

7. The Defendant was substantially prejudiced and deprived of a fair trial by reason of the following circumstances: the attorney for the government was allowed to ask the Defendant if he knew of any reason why the government witnesses who had previously testified were lying. Requiring the Defendant to thus comment on the credibility and motives of the government witnesses deprived him of a fair trial.

8. The Defendant was substantially prejudiced and deprived of a fair trial by reason of the following circumstance; the attorney for the government made statements in his final arguments which were not based on the evidence.

9. The verdict is contrary to the weight of the evidence. The government did not prove Defendant guilty of each count in the Indictment beyond a reasonable doubt.

10. The court erred in not excusing potential jurors, Joseph Duffy and Bonnie Smith, for cause.

JAMES HINTON

By: /s/ RICHARD D. TRAINOR
QUINLIVAN & TRAINOR,
HIS ATTORNEYS,

DATED: JUNE 8, 1981

QUINLIVAN & TRAINOR
Attorneys for the Defendant
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IN THE UNITED STATES DISTRICT COURT,
CENTRAL DISTRICT OF ILLINOIS
PEORIA DIVISION

No. 81-10007

UNITED STATES OF AMERICA, PLAINTIFF

v.

ARTHUR DIXSON, ET AL. DEFENDANT.

MOTIONS IN ARREST OF JUDGMENT AND FOR A NEW TRIAL—Filed June 10, 1981

(A)

NOW comes the Defendant ARTHUR DIXSON by his court-appointed counsel, Emmett W. Lally, and

IN SUPPORT of his MOTION IN ARREST OF JUDGMENT, states:

1. The indictment does not state facts sufficient to constitute an offense against the United States of America.

2. Defendant maintains, in particular, that he was not a public official as charged and at no time during the course of the trial did the government prove that he was a public official.

WHEREFORE, Defendant ARTHUR DIXSON prays that the court reconsider prior proceedings, including its denial of Defendant's MOTION FOR JUDGMENT OF ACQUITTAL, and grant this MOTION IN ARREST OF JUDGMENT, and declare the prior proceedings void and without effect.

(B)

IN SUPPORT of his MOTION FOR A NEW TRIAL, Defendant states:

1. The court erred in refusing to grant a separate trial to Defendant.

2. The court erred in refusing to allow a change of venue in this cause based upon the prejudicial pre-trial publicity generated by the news media.

3. The court erred in not excusing for cause jurors Duffy and Bonnie Smith.

4. The court erred in sustaining objections to defense question propounded to Henry Jackson concerning Jackson's prior criminal conviction.

5. The court erred in sustaining objections to defense questions addressed to the government's principal witness Ora Logsden.

6. The court erred in denying Defendant's motion for JUDGMENT OF ACQUITTAL at the close of the government's case and the renewed motion at the close of the case.

7. Defendant suffered prejudice in front of the jury by statements concerning the law made by the assistant U.S. attorney, which said statements invaded the province of the court vis-a-vis its responsibility of instructing the jury.

8. The court erred in refusing instructions tendered by Defendant.

9. The verdict is contrary to the weight of the evidence in that the government did not prove Defendant guilty beyond a reasonable doubt of each count in the indictment, particularly the charge that Defendant was a public official.

10. The foregoing allegations are made without the benefit of a written transcript. Defendant does not limit his motion to the grounds stated, nor does he waive any point of error, directly, indirectly, or by implication, but includes in this motion any and all errors committed at trial that will entitle him to relief, and includes those errors not brought to the attention of the court during trial, whether because of inadvertance or apparent oversight of counsel, because objection would have highlighted prejudice in the eyes of the jury, or otherwise.

WHEREFORE, Defendant ARTHUR DIXSON prays that the court grant his MOTION FOR A NEW TRIAL.

Respectfully submitted,

ARTHUR DIXSON

By: /s/ EMMETT W. LALLY

EMMETT W. LALLY, ATTORNEY
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PROOF OF SERVICE (omitted in printing)

AO 245
(5/75)

United States District Court for

CENTRAL DISTRICT OF ILLINOIS

DEFENDANT: ARTHUR DIXSON

DOCKET NO. 81-10007-01

JUDGMENT AND PROBATION/COMMITMENT ORDER

COUNSEL

In the presence of the attorney for the government the defendant appeared in person on this date: MONTH July DAY 17, YEAR 1981

[ ] WITHOUT COUNSEL However the court advised defendant of right to counsel and asked whether defendant desired to have counsel appointed by the court and the defendant thereupon waived assistance of counsel.

[X] WITH COUNSEL Emmett W. Lally
(Name of counsel)

PLEA

[ ] GUILTY, and the court being satisfied that there is a factual basis for the plea. [ ] NOLO CONTENDERE. [X] NOT GUILTY

FINDING & JUDGMENT

There being a ~~XXXXX~~ verdict of [ ] NOT GUILTY. Defendant is discharged [X] GUILTY. on 6-3-81.

Defendant has been convicted as charged of the offense(s) of Bribery as charged in Indictment in Counts 1, 2, 3, 4, 5, 6, 7, 10, and 11; Title 18, Sec. 201(c)(1) U.S. Code.

FILED

JUL 17 1981

ROBERT J. KAUFFMAN, Clerk
U. S. DISTRICT COURT
CENTRAL DISTRICT OF ILLINOIS

SENTENCE OR PROBATION ORDER

The court asked whether defendant had anything to say why judgment should not be pronounced. Because no sufficient cause to the contrary was shown, or appeared to the court, the court adjudged the defendant guilty as charged and convicted and ordered that the defendant be committed to the custody of the Attorney General or his authorized representative for imprisonment for a period of

Seven and one-half (7½) years as to Counts 1 thru 7. Said sentences to run concurrently. Imposition of any other sentence to imprisonment is suspended as to Counts 10 and 11 and the defendant is placed on probation for a period of three(3) years on each count to run concurrently. Said probation period to commence on termination of supervision on any parole on the sentence imposed herein.

It is the order of the Court that the Defendant shall comply with the general and special conditions of probation as set out in Form #7 furnished by the Probation Officer and to the special terms outlined in the plan of the Probation Department.

SPECIAL CONDITIONS OF PROBATION

Special Conditions of probation is that the Defendant maintain employment and contribute to the support of his dependents.

Further ordered that execution of sentence is suspended pending appeal.

No order on costs.

ADDITIONAL CONDITIONS OF PROBATION

In addition to the special conditions of probation imposed above, it is hereby ordered that the general conditions of probation set out on the reverse side of this judgment be imposed. The Court may change the conditions of probation, reduce or extend the period of probation, and at any time during the probation period or within a maximum probation period of five years permitted by law, may issue a warrant and revoke probation for a violation occurring during the probation period.

COMMITMENT RECOMMENDATION

The court orders commitment to the custody of the Attorney General and recommends,

It is ordered that the Clerk deliver a certified copy of this judgment and commitment to the U.S. Marshal or other qualified officer.

SIGNED BY

[X] U.S. District Judge

[ ] U.S. Magistrate

ROBERT D. MORGAN

Date July 17, 1981

AO 245
(5/75)

United States of America vs.

United States District Court for

CENTRAL DISTRICT OF ILLINOIS

DEFENDANT: JAMES LEE HINTON

DOCKET NO. 81-10007-02

JUDGMENT AND PROBATION/COMMITMENT ORDER

COUNSEL

In the presence of the attorney for the government the defendant appeared in person on this date: MONTH July DAY 17, YEAR 1981

[ ] WITHOUT COUNSEL However the court advised defendant of right to counsel and asked whether defendant desired to have counsel appointed by the court and the defendant thereupon waived assistance of counsel.

[X] WITH COUNSEL Richard D. Trainor (Name of counsel)

PLEA

[ ] GUILTY, and the court being satisfied that there is a factual basis for the plea. [ ] NOLO CONTENDERE. [X] NOT GUILTY

FINDING & JUDGMENT

There being [redacted] verdict of [ ] NOT GUILTY. Defendant is discharged [X] GUILTY. on 6-3-81.

Defendant has been convicted as charged of the offense(s) of: Bribery as charged in Indictment in Counts 1, 2, 3, 4, 5, 6, 8, 9, 10 & 11; Title 18, Sec. 201(c)(1)(A) U.S. Code.

FILED

JUL 17 1981

ROBERT J. KAUFFMAN, Clerk
U. S. DISTRICT COURT
CENTRAL DISTRICT OF ILLINOIS

SENTENCE OR PROBATION ORDER

The court asked whether defendant had anything to say why judgment should not be pronounced. Because no sufficient cause to the contrary was shown, or appeared to the court, the court adjudged the defendant guilty as charged and convicted and ordered that: The defendant is hereby committed to the custody of the Attorney General or his authorized representative for imprisonment for a period of

Seven and one-half (7½) years as to Counts 1 thru 6. Said sentences to run concurrently. Imposition of any other sentence to imprisonment is suspended as to Counts 8 thru 11 and defendant is placed on probation for a period of three (3) years on each count to run concrrently. Said probation to commence on termination of supervision on any parole on the sentence imposed herein.

It is the order of the Court that the Defendant shall comply with the general and special conditions of probation as set out in Form #7 furnished by the Probation Officer and to the special terms outlined in the plan of the Probation Department.

SPECIAL CONDITIONS OF PROBATION

Special conditions of probation is that the Defendant maintain employment and contribute to the support of his dependents.

It is further ordered that execution of sentence is suspended pending appeal.

No order on costs.

ADDITIONAL CONDITIONS OF PROBATION

In addition to the special conditions of probation imposed above, it is hereby ordered that the general conditions of probation set out on the reverse side of this judgment be imposed. The Court may change the conditions of probation, reduce or extend the period of probation, and at any time during the probation period or within a maximum probation period of five years permitted by law, may issue a warrant and revoke probation for a violation occurring during the probation period.

COMMITMENT RECOMMENDATION

The court orders commitment to the custody of the Attorney General and recommends,

It is ordered that the Clerk deliver a certified copy of this judgment and commitment to the U.S. Marshal or other qualified officer.

SIGNED BY

[X] U.S. District Judge

[ ] U.S. Magistrate

ROBERT D. MORGAN

Date July 17, 1981

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE CENTRAL DISTRICT OF ILLINOIS

CRIMINAL NO. 81-10007

UNITED STATES OF AMERICA

v.

ARTHUR DIXSON AND JAMES LEE HINTON, DEFENDANTS.

EXCERPTS FROM JURY TRIAL—JUNE 2 and 3, 1981

BEFORE:
HON. ROBERT D. MORGAN,
DISTRICT JUDGE AND A JURY.

[108] JAMES BARNES

having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HARN:

Q Would you state your name and your occupation?

A James Barnes. I'm a program manager with the Chicago area office of the Department of Housing and Urban Development.

Q What is your present area of responsibility?

A As program manager I am responsible for managing the Community Development Block Grant Program in the Western part of the State of Illinois. I have a staff of five Community Development Representatives.

Q Was your department responsible for administering—excuse me—Community Block Grants in Metro and Reallocated Grants in the City of Peoria during 1979 and 1980?

[109] A Yes, it was.

Q What is a Community Development Block Grant?

A A Community Development Block Grant is a grant to cities and villages and counties to do various community development activities, such as acquisition of land for redevelopment, rehabilitation of residential structures, construc-

tion of streets, sanitary sewer, parks, senior citizen centers, other kinds of public work projects.

Q Can any of the money under this grant be used for administrative expenses?

A Yes, they can.

Q What is a Metro Reallocation Grant?

A The Reallocated Funds are those funds that are available to communities that have not been applied for. They are the same as Entitlement Funds. Community Development Program for large cities or communities over 50,000 population receive an entitlement based on a formula in the law, and as long as they apply to us they are entitled to a certain amount of money.

Metro Reallocated Funds are applied for under a separate provision but it is the same type of program. It is just extra money that wasn't [110] applied for.

Q During 1979, was the City of Peoria the recipient of a Community Development Block Grant Entitlement No. 79 MC 170019?

A Yes, it was.

Q And during 1979 was the City of Peoria the recipient of a Metro Reallocated Grant No. 78-BS 17909?

A Yes, it was.

Q Under both of these grants would the City be allowed to contract with a non-profit corporation?

MR. LALLY: Your Honor, I'm going to object, Mr. Harn is leading the witness. I really think that the witness should be testifying to these answers himself.

THE COURT: Well, I'm satisfied that it is purely preliminary. You can test his recollection on cross examination if you want to. Is there any question about this stuff?

MR. LALLY: No, if you're satisfied it's preliminary, I'm sure I will not quarrel with the Court.

THE COURT: Let's move along.

BY MR. HARN:

Q Under both of these grants would the city be allowed [111] to contract with a non-profit corporation to administer the funds?

A Yes, the city is allowed to do that.

Q Is there a guideline or regulation that governs this?

A The specific guidelines for the Block Grant Program cover all recipients including sub-grantees and subcontractors. There is also a specific regulation, an eligibility part of our regulations, that state that non-profit agencies can utilize the Block Grant Funds given to them by—allocated by cities.

Q Under these grants may the city or non-profit sub-grantee require a contractor rehabilitating covered housing to pay a fee to an individual as a condition for getting a contract?

A No.

MR. LALLY: I'm going to object.

THE COURT: Objection will be sustained to the form of the question.

BY MR. HARN:

Q Do these grants cover kickbacks at all?

MR. LALLY: I object to the qualification of that kind of a question. That is just out of line.

[112] THE COURT: Objection is overruled. He may answer if they cover it in any way.

A Could the question be repeated?

THE COURT: Read it, Mr. Reporter.

(Question read)

A No.

Q Are these grants covered by OMB Circular No. 102

A Yes.

Q What does Circular OMB-102 say on it?

A OMB, Circular 102 deals with the various requirements for contracts. Among other things, there are—there is language in that circular dealing with the Copeland Anti-Kickback Law prohibiting any kickbacks.

Q Does the Department of Housing and Urban Development require an accounting? If so, what kind of accounting for the money?

A The City and all sub-grantees are responsible to administer the program according to the rules and regulations of the Department and all the various rules that the U.S. Government has with regard to any kind of grants.

Q Do you know who the sub-grantee was on these two grants?

[113] A Not specifically. I couldn't tell you.

MR. HARN: Nothing further of this witness, your Honor.

THE COURT: You may cross examine.

CROSS EXAMINATION

BY MR. LALLY:

Q I didn't get the description of your job. What is it? Is it a supervisory capacity?

A Yes, I'm a first-line supervisor.

Q Okay.

A Program manager.

Q Program manager for these various types of grants; is that correct?

A Uh-huh.

Q Did you yourself ever have any direct contact with this activity here in Peoria?

A No.

Q So you have never been down here in respect to the program as it was in operation; is that fair or not?

A I was down here approximately two years ago for some overall monitoring of the program.

Q What did that consist of?

A It consisted of discussions with the city about [114] the progress with some of the older programs in 1975, '76, and discussions about closing out those programs.

Q Okay. Now, you mentioned, I believe on direct examination, that you don't know or you didn't know to what group this money went to that we are talking about here today.

A I don't know the specific names. I can't recall specific names without—

Q Is it fair to say as well that you didn't really have anything to do with any of the people, the sub-grantees involved in this program?

A Not directly to those people.

Q Okay. As a supervisor or program director, would you have had any responsibility for overseeing the distribution of funds?

A Yes, overseeing the distribution of funds.

Q To whom?
A The city.
Q To the city?
A Yes.
Q Is that as far as it would go?
A No, we are responsible in making sure—
Q I don't mean "we," I mean—
[115] MR. HARN: Your Honor, I think the witness ought to be allowed to answer the question.
THE COURT: Yes, I think so, too, Mr. Lally.
A We are resonsible for overseeing the administration of the program and that includes—would include the overall administration.
We are responsible for making certain that a city undertakes audits of the program periodically at two years or less than the auditors are responsible for reviewing the city books and the books of any sub-grantee.
Q Well, with due respect, I interrupted you a moment ago and I didn't want to, but I only wanted to clarify when I said "you" I—
MR. HARN: Your Honor, can we spare the argument and just ask the question?
THE COURT: I think we will move along faster if we do that, Mr. Lally.
BY MR. LALLY:
Q Do you personally do any of that work?
A Sometimes, yes.
Q Did you personally in respect to this program?
A I'm not sure what you mean.
Q Study any of the reports or supervise any of the [116] money or examine any records?
A Yes.
MR. LALLY: I would have no further questions, your Honor.
MR. TRAINOR: A few, Judge.
THE COURT: All right.

CROSS EXAMINATION

BY MR. TRAINOR:

Q You testified on direct examination that it was your responsibility to oversee the entire program; is that correct?

A Yes.

Q All right, but according to you that didn't involve knowing who the sub-grantee was, did it?

A That is correct.

Q So you did not know that there was an organization in Peoria was given a million-dollars in federal funds, do you?

A That is incorrect.

Q Well, did you know the name of the organization?

A I don't know specifically the name of the organization involved.

Q Did you know the name when you were overseeing the program?

[117] A The application—no, I did not.

Q You did know that a million dollars was given the city in the form of Block Grants and Metro Relocation Funds, do you know that?

A Reallocated Funds, yes.

Q So you were aware of the amount?

A That is correct.

MR. TRAINOR: I have nothing further.

THE COURT: Anything further?

MR. HARN: No, your Honor.

THE COURT: You may step down, sir. Thank you.

(Witness excused)

RODNEY HAYNES

having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HARN:

Q Would you state your name, please, and your occupation?

A My name is Rodney D. Haynes, H-a-y-n-e-s, program manager for the City of Peoria, Department of Community Development.

THE COURT: Pardon me, sir. Please keep your voice up. Remember that the man at the far end of the [118] jury box needs to hear your answers.

THE WITNESS: Okay.

THE COURT: Keep in mind that you are not talking to me.

MR. LALLY: If I may add, with due respect, I might have a little difficulty as well. You've got to come this way, too.

BY MR. HARN:

Q Now, Mr. Haynes, in your capacity with the city do you oversee housing rehabilitation?

A Indirectly, yes, sir.

Q Particularly, Mr. Haynes, did you oversee the Federal Grants for Community Development Block Grants, No. 79 MC 170018?

A Yes, sir.

Q And Metro Reallocated Grant No. B-78-D-S-17909?

A Yes, sir.

Q Mr. Haynes, did the City, its personnel, administer the grant monies and issue the contracts for the houses in question?

A No, sir, we did not.

Q How was that accomplished?

A It was accomplished through a mechanism where the City entered into an agreement with United [119] Neighborhoods, Incorporated, to provide rehabilitation services to the houses in question.

[123] BY MR. HARN:

Q Now, Mr. Haynes, the two grants in question were contracted to what agency for administration?

A United Neighborhoods, Incorporated.

Q What is United Neighborhoods, Incorporated?

A It is a non-profit community based organization.

Q What was the purpose of the grant money?

A The purpose?

Q The program.

Q The purpose of the grant money given to United Neighborhoods was to provide loan grant assistance to homeowners in the center southside neighborhood City of Peoria.

Q Did the city exercise any supervision over this program?

[124] A Yes, sir.

Q What did that supervision consist of?

A The supervision consisted of a report back from members of United Neighborhoods as well as technical assistance in providing rehabilitation assistance.

Q Now, Mr. Haynes, Government's Exhibit No. 21 is what?

A These are cancelled checks from the City of Peoria to United Neighborhoods, Incorporated, for compliance with terms of our agreement.

Q Government's Exhibit No. 20, what is that?

A These are receipts for these cancelled checks plus some vouchers.

Q What do those represent, Mr. Haynes?

A This represents payment to United Neighborhoods as per their contract agreements for work done on the homes in question.

Q I show you one of the contracts—if I may have those back—one of those contracts, Government's Exhibit No. 25, in the middle part of that document on Page 2, will you read that sentence for us, please?

A All contracts for construction or repairs shall include a provision for compliance with Copeland Anti-Kickback Act, 18 U.S.C. 874, as supplemented [125] by Department of Labor Relations, 29 CFR, Part 3."

Q Is this signed by anybody?

A It is signed by Helen Chandler, attested by Shirley Johnson.

Q Now, Mr. Haynes, I show you the top document of Government's Exhibit No. 20. Who are the signatories of that document?

A Signatories are Mr. Arthur Dixson and myself.

Q What is that document?

A This is a document acknowledging receipt of a check on March 21, 1979 in the amount of $15,375.

Q Where did the city get the money that was contracted out on these various contracts and the checks and vouchers that we have seen?

A It came from the U.S. Department of Housing and Urban Development under the Community Development Block Grant Program, the Metro Reallocated Program.

Q Did the city require U.N.I. to account for the money they spent?

A Yes.

Q Were you required to account to the Department of HUD for the expenditures of this money?

A Yes, sir.

Q Were audits conducted for that purpose?

A Yes, sir.

[126] Q Government's Exhibit No. 12 is one such audit, isn't it? It is the brown-covered document.

A The Arthur Anderson?

Q Yes. Would you like to see it?

A No.

MR. HARN: No further questions of the witness, your Honor.

CROSS EXAMINATION

BY MR. LALLY:

Q Mr. Haynes, did you work directly with U.N.I. on this program in any fashion?

A Yes, sir.

Q Could you describe that for us?

A My job with the United Neighborhoods was basically to provide the liaison with HUD as well as to make sure that their payments were received after they requested payment.

Q Whose payment?

A That United Neighborhoods. I made a check payable to the United Neighborhoods.

Q And these checks, these receipts that we have here, this stack of eight and a half by eleven contains receipts by persons of various names, do they not?

A Yes, sir.

[127] Q So these were simply receipts for money paid by the city to U.N.I.?

A Yes, sir.

Q They were not payable to any particular individual?

A Correct, the checks were made payable to the organization.

Q So the signature on here does not mean that is the person to whom the check was made as the recipient of the money?

A That is correct.

Q In your capacity as—if I may use the word you used —"liaison officer," did you have occasion to inspect any books? Was that your normal job?

A No, that was not my normal job.

Q Was it your normal job to look into the disbursement of funds by U.N.I. normally?

A No.

Q Okay, you recognize the name Helen Chandler?

A Yes, sir.

Q Tell us who Helen Chandler was.

A Helen Chandler was and I believe is still the Chairperson of United Neighborhoods, Incorporated. Board of Governors.

Q Are you familiar with the makeup of U.N.I. as [128] far as its Governing Board is concerned?

A Vaguely.

Q In your capacity as Liaison Officer do you know how the contracts for these rehabilitation projects were let or allowed?

A I don't have very detailed knowledge of that.

Q So that is it safe to say that essentially your activities were to disburse the funds and receive receipts back and keep in touch informally with them or—

A I believe that is a fair assessment.

MR. LALLY: I have nothing further.

CROSS EXAMINATION

BY MR. TRAINOR:

Q Mr. Haynes, I believe you testified on direct that the money was given by the Department of Housing and Urban Development to the City of Peoria; is that correct?

A Yes, sir.

Q And then this money was routed to the sub-grantee which was U.N.I.; is that correct?

A Yes, sir.

Q And you identified a number of receipts that Mr. [129] Harn showed you and also a number of contracts between the City of Peoria and U.N.I.; is that correct?

A Yes, sir.

Q Would it be fair to say that the City of Peoria directed approximately one-million one-hundred-thousand dollars to United Neighborhoods during the period in question?

A On the exact dollar amount I'm not sure, but that sounds close.

MR. HARN: Your Honor, we will stipulate the amount of money that went from the City of Peoria to United Neighborhoods, if that is helpful.

THE COURT: Is that the amount that counsel stated?

BY MR. TRAINOR:

Q Does that amount seem to be a fair approximation?

A Seems very close.

Q Okay. It's a lot of money, is that correct?

A Yes, sir.

Q So the city would naturally have a great stake in keeping track of those funds, would it not?

A Yes, sir.

Q And the city naturally would want the funds to be administered in a professional, proper manner; is that correct?

[130] A Yes, sir.

Q Are you familiar with the people on U.N.I. Board of Directors?

A Some of them I am sure I am.

Q Well, who are you familiar with on U.N.I. Board of Directors?

A I don't know who currently is on the Board.

Q At the time in question, sir, did you know who was on the Board?

A Knew some of the members, yes, sir.

Q Who did you know?

A Helen Chandler, Linda Powell, lady named Mrs. Stewart, I believe, Bertha Peters. That's about most of the names that ring a bell.

* * * * *

[229] HELEN CHANDLER

having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HARN:

Q Would you state your name, please, and your address?

A Helen Chandler, 1514 West Smith.

Q Is it Miss or Missus?

A Miss.

Q Would you keep your voice up because we seem to be having trouble hearing in here? The acoustics are a little bad.

Miss Chandler, what is your position with United Neighborhoods, Inc.?

A I am Chairman of the Board.

Q And as Chairman of the Board, were you Chairman of the Board during 1979 and 1980 also?

A Yes.

Q Were you Chairman of the Board when Arthur Dixson and James Hinton were hired?

A Yes.

Q And were you also Chairman of the Board when the contracts were entered into with the City of Peoria for the Housing Rehab Program?

A Yes.

[230] Q Prior to the time that you got the money from the city for these housing programs, was U.N.I. conducting housing rehab on its own?

A No.

Q Well, before getting the federal money were you doing any housing rehabilitation on your own?

A Before getting the money?

Q Yes.

A No.

Q Did you have any money for that purpose?

A We got the money from the city for the rehab—to do the rehab.

Q Housing and Urban Development money?

A Yes.

Q Was U.N.I. in the business of rehabilitating houses before you got the money from the city?

A Let me think. That was one of our goals was to rehabilitate the houses.

Q But did you, in fact, do that before you got the money from the city?

A No, we didn't have any money to do that.

Q Were there procedures set for the awarding of contracts for the rehabilitation of houses?

A Yes.

[231] Q Who was to award the contracts for the rehabilitation of houses from U.N.I.?

A The Housing Committee.

Q Did any of the staff employees have the authority to approving the housing rehab contracts?

A No.

Q Did Mr. Dixson or Mr. Hinton have the authority from U.N.I. to do that?

A Only if the Housing Committee told them to.

Q Was Oscar Penn a member of that Housing Committee?

A Yes, he was.

Q Miss Chandler, from time to time did you take part in the Housing Committee meetings?

A Occasionally, yes.

Q Do you recall any contracts that were made with contractors that were not approved by the Housing Committee but for which U.N.I. money was spent?

A All the contracts that were given out, I was told, was approved by the Housing Committee.

Q But you weren't always present for the meetings?

A No. I would just sit in. I didn't vote.

Q Who told you they were approved by the Housing Committee?

A Either the Housing Committee—well, when I would ask the Housing Committee or the staff.

[232] Q Or who?

A The staff.

Q You mean Mr. Dixson and Mr. Hinton?

A Yes.

Q Did you confront Mr. Hinton and Mr. Dixson about the large number of contracts that were received by Ora Logsdon?

A The Housing Committee asked about them, yes.

Q Do you recall during the summer of 1979 a debt consolidation loan that Arthur Dixson made to himself?

A Yes.

Q Was he required to pay that money back?

A Yes, he was supposed to pay it back, yes.

Q Was he supposed to pay it back before the end of 1979?

A He did pay it back.

Q Do you know how much that loan was for?

A I can't give you the exact figure, no.

MR. LALLY: Again with due respect, can you keep your voice up?

THE COURT: They need to hear you over at this table and the man and lady at the far end of the jury box need to hear your answers. Please keep your voice up as best you can.

[233] A I think it was either 5000. I think it was 5000 or a little more.

MR. HARN: No further questions of this witness, your Honor.

THE COURT: You may cross examine.

CROSS EXAMINATION

BY MR. LALLY

Q I want to make sure. You say the loan was paid back; is that correct?

A Yes.

Q "Yes" it is correct? That is your answer?

A Right.

CROSS EXAMINATION

BY MR. TRAINOR:

Q Just a few questions. Miss Chandler, you were the Chairman of the Board of U.N.I.; is that correct?

A Right.

Q And you signed all the checks, didn't you?

A No.

Q Well, that was part of your job to sign the checks, wasn't it?

A I signed the checks only if three other people were not available to sign the checks.

Q Well, who had authority to sign the checks?

[234] A Oscar Penn, Lucille Steward, Bertha Peters and myself.

Q And to your knowledge those are the people that signed the checks?

A Right.

Q And you also recall as Chairwoman that you received approximately $1,100,000 from the City of Peoria?

A Right.

Q And you signed for that money, didn't you?

A Yes.

MR. TRAINOR: Nothing else.

RECROSS EXAMINATION

BY MR. LALLY:

Q Just one other question. It was possible for contracts to be allowed with Housing Committee permission?

A Pardon?

Q It was possible to have contracts allowed with Housing Committee permission?

A Yes.

MR. LALLY: Okay, thank you.

MR. HARN: No redirect, your Honor.

THE COURT: You may step down, ma'am. Thank you.

(Witness excused)

* * * * *

EXCERPTS FROM JURY INSTRUCTIONS

[355] Section 201(c) of Title 18 of the United States Code provides in part that:

> "Whoever, being a public official, directly or indirectly, corruptly asks, demands, exacts, solicits, seeks, accepts, receives or [356] agrees to receive anything of value for himself in return for (1) being influenced in his performance of any official act shall be guilty of a crime against the United States."

Section 201 of Title 18 of the United States Code defines the term "public official" to include an officer or employee or person acting for or on behalf of the United States in any official function, under or by authority of any department, agency or branch of government.

Section 201 of Title 18 of the United States Code defines the term "official act" to mean any decision or action on any question, matter, proceeding or controversy which may at any time be pending or which may by law be brought before any public official in his official capacity.

Three essential elements are required to be proved in order to establish the offense charged in each count of the indictment:

First: The act or acts of directly or indirectly asking, demanding, exacting, soliciting, seeking, accepting, receiving or agreeing to receive from another a sum of money or thing of value, as charged in the indictment.

[357] Second: Doing such act or acts corruptly while a public official, and,

Third: Doing such act or acts with the intent to be influenced in their performance of an official act in respect to the awarding of housing rehabilitation contracts as charged.

GOVERNMENT EXHIBIT NO. 14
FOR THE UNITED STATES DISTRICT COURT,
CENTRAL DISTRICT OF ILLINOIS
(6-2-81)

GRANT AGREEMENT

WITNESSETH, this agreement, executed on March 26, 1979, is made between the City of Peoria (City) pursuant to authority granted by City Council, and United Neighborhoods, Inc. (UNI), an Illinois not-for-profit corporation located at 219-221 South Saratoga, Peoria, Illinois, pursuant to authority granted by its Board of Governors;

WHEREAS, UNI was incorporated to provide various community services to communities within the City of Peoria;

AND, WHEREAS the services and programs developed, operated, and administered by UNI benefit the people of the City of Peoria;

AND, WHEREAS UNI provides needed services which might otherwise become direct or indirect obligations of the City of Peoria;

AND WHEREAS both the City and UNI desire that UNI continue to provide such programs and services;

NOW THEREFORE, it is agreed, pursuant to the terms and provisions of this agreement, that the parties hereto agree as follows;

Section 1—Grant

The City shall grant the amount of $61,500.00 to UNI. The sole use for said funds shall be to provide salaries and health insurance to the following employees:

a. Executive Director—$16,000 annually
b. Assistant Director for Program Development—$15,000 anually
c. Assistant Director of Community Development—$15,000 annually
d. Office Manager—$13,000 annually

Health Insurance is in the aggregate amount of $2,500.00.

It is agreed and understood that the $61,500 herein granted shall provide salaries for said employees for a term of one year from the date of said grant. The duties and obligations of each employee as set forth in Exhibit A attached hereto and made a part hereof.

Section 2—Records

UNI shall keep records sufficient to account for all monies received and expended pursuant to this agreement. These records shall be maintained according to accepted accounting practices and shall be available for inspection by the City upon request.

Section 3—Other Duties of UNI

UNI shall, during the twelve month period subsequent to the effective date of this Grant Agreement, develop, operate, and/or administer programs including but not necessarily limited to those set forth in Exhibit B attached hereto and made a part hereof. Twice during said twelve month period, the last coming at the end of said twelve month period, UNI shall submit written reports to the City setting forth in detail its efforts and results in relation to the duties set forth in this paragraph.

Section 4—Administrative Action

UNI hereby warrants that it, any employee, agent or contractor employed or contracted with UNI for the pursuance of any of its corporate purposes, shall comply with all applicable provisions of Appendix F of the Municipal Code of the City of Peoria, said appendix providing for fair employment practices within the City of Peoria. The terms and provisions of said appendix shall be a part of this agreement as if the words and terms thereof were set forth herein.

Section 5—Remedies

If UNI shall violate any term of this Grant Agreement, then the City, upon seven days within notice, shall be entitled to terminate this agreement. Said written notice shall set forth the date of termination. Upon such termination,

all monies granted herein which are unexpended on the date notice is received shall be returned to the City. In the event, however, that it is determined that any of said monies granted herein which have been expended are willfully, intentionally, of fraudulently expended for purposes other than permitted in this grant agreement, UNI shall be liable to the City of Peoria for the amount of such monies up to $61,500. Unless otherwise limited by the terms of this agreement, City of Peoria shall have all other remedies provided to it by law and equity.

In witness whereof, the parties have caused their signatures to be affixed thereto thus making this grant agreement effective on the date herein before mentioned.

CITY OF PEORIA

By _____
City Manager

UNI

By HELEN CHANDLER
Chairperson, Board of Governors

ATTEST:

SHIRLEY JOHNSON
Secretary

EXHIBIT A

EXECUTIVE DIRECTOR—$16,000

This position is directly responsible to the Executive Committee for all facets of the organization's operations. These responsibilities include, but are not limited to:

—delegating responsibilities to staff and volunteers to ensure that the Board of Governors' directives, goals and objectives are carried out.
—status reports of all programs and activities to Board of Governors.
—development of progam planning and implementation.
—development and maintenance of support from community residents, businesses, and other leaders to facilitate community development.
—developing and maintaining cooperation with City staff and community residents in order to improve the community.
—fiscal management and control.
—administration of existing and new programs of UNI.
—act in capacity of intermediary/contact person in dealing with all other organizations or agencies.
—hiring, firing, and supervision of staff, with concurrence of Personnel Committee.
—development of operational budget for Board of Governors' approval.
—executing all legal contracts between UNI and other organizations.
—development of financial resources for program operations.

ASSISTANT DIRECTOR FOR PROGRAM DEVELOPMENT—$15,000

The Assistant Director for Program Development works directly with the Management Committee of the Board of Governors. Responsibilities include, but are not limited to:

—assisting executive director in planning and developing programs and services to UNI residents as directed by Board of Governors.
—monitor and evaluate UNI programs and services.
—train volunteers to perform organizational duties.
—identify financial resources for program operations.
—coordination of grant writing and application submittals.
—supervision of program operations and staff.
—development of fund raising techniques.
—assisting Executive Director and Board of Governors as needed.

ASSISTANT DIRECTOR OF COMMUNITY DEVELOPMENT—$15,000

This position is directly responsible to the Executive Director. Responsibilities include, but are not limited to:

—coordination and implementation of community organizing activities by the UNI.
—direct outreach activities and facilitate communication between UNI and community residents.
—direct and monitor a continuous and on-going community needs assessment of the social, economic and physical aspects of the area.
—organize programs to meet identified needs of the community.
—maintain access to public policy and decision making processes at Federal, State and Local levels of government in order to benefit UNI community.
—monitor and evaluate local government services in order to encourage improved public services.
—maintain communication with specific City departments in order to benefit UNI area.
—develop and implement a community education process in order to inform residents of UNI's role and activities as well as to increase community's ability to effectively identify and address its needs.
—supervise staff and volunteers participating in the community education process, community organizing activities and public affairs.

—assist Executive Director and Board of Governors as needed.

OFFICE MANAGER—$13,000

The Office Manager is directly responsible to the Executive Director. Responsibilities include, but are not limited to:

—day to day operations and maintenance of the organization's building.
—filing system to accommodate the organization's needs.
—purchase all consumable office supplies and necessary office furnishings.
—maintain a sufficient supply of all necessary office supplies.
—insure that all office equipment remain in operable condition.
—maintain a process which allows for an easy flow of correspondence.
—develop a fiscal record keeping system for all aspects of the organization's operating budget, e.g. program expenditures/revenues, salaries, grant monies, etc.
—supervise the activities of both the clerical and maintenance personnel.
—obtaining and distributing dates of all city public hearings and meetings pertaining to the Center South Side Community Development so that information can be relayed to all interested community residents.
—the operations at the UNI Center in the absence of the other administrative staff.
—assist Executive Director and Board of Governors as needed.

EXHIBIT B

III. PROGRAM DESCRIPTIONS/METHODOLOGY

A. Loan/Grant Program

Our objective in this program will be to provide financial assistance to those persons unable to obtain funds for rehabilitation through existing programs. We will develop a close working relationship with the residents to financially assist those who need it most. Persons qualified for City or 312 loans will be referred to the City.

Our organization's relationship with a resident will be a joint effort in identifying needs and types of assistance. We will then develop a result-oriented approach, undertake a cost/benefit analysis, and schedule rehab activities accordingly. Each activity will be monitored and evaluated to define impact and benefit.

Types of loans and grants will include, but not be limited to:

—Down payments,
—Complete rehabilitation,
—Partial loans or grants to enable persons to obtain City or 312 loans,
—Materials or labor only.

B. Recycling and Maintenance Program

UNI will provide a supervised crew for the salvage of building materials and mechanical equipment from structures to be demolished from our area as well as the South Town area. The salvaged material will be used to offset the cost of rehabilitation activities. This crew will also demolish and haul away dilapidated garages and sheds.

This crew will be utilized in performing minor home maintenance services for area residents who are unable to perform such activities. These activities will include, but not be limited to the following:

—Painting,
—Minor plumbing repairs,
—Weatherization,
—Debris removal,

—Maintenance of mechanical equipment (hot water heaters, furnaces, etc.)
—Installation of storm windows and doors.

C. Housing Rehabilitation Program

Under this program our organization plans to provide not only the necessary funds, but the actual work force needed to perform the rehabilitation activities. This service will also be available to those persons receiving City loans, 312 loans and private financing. The materials salvaged by the Recycling/Maintenance Specialists will be used to help offset the rehabilitation cost.

Goals:

1. To perform major rehabilitation activities on ten (10) structures.
2. To perform interim rehabilitation and minor repairs on twenty (20) structures.

The above figures reflect the minimum activities. We want to provide rehabilitation assistance to as many residents as possible.

D. Completion of Community Center

There is a need to complete the renovation of the UNI Community Center. This structure was leased from the Catholic Diocese in 1975. One-half of thebuilding was renovated and is now used to operate programs and dispense services to the community residents.

With the growth of these services, there is no longer enough space available to operate efficiently. The utilization of the top floor would mean added office space from which housing revitalization programs, the housing loan and grant program, and housing inspections program could operate.

In addition, a photography dark room to be used in conjunction with the communications system and photography classes, a gymnasium/auditorium, game room, and a library for use by all ages will be activities operating from the top floor.

There will also be three additional offices constructed on the first floor of the building to accommodate the expanded

number of staff needed to handle the rapid growth of programs and activities.

The attic will have a floor laid down so a large storage area can be created and then utilized for the storing of building supplies and future usable items. Since the UNI Community Center has no chairs, tables, and other necessities of its own, we plan to acquire the building furnishings necessary for a community center.

GOVERNMENT EXHIBIT NO. 15
FOR THE UNITED STATES DISTRICT COURT,
CENTRAL DISTRICT OF ILLINOIS
(6/2/81)

GRANT AGREEMENT

WITNESSETH, this agreement, executed on March 26, 1979, is made between the City of Peoria (City) pursuant to authority granted by City Council, and United Neighborhoods, Inc. (UNI), an Illinois not-for-profit corporation located at 219-221 South Saratoga, Peoria, Illinois, pursuant to authority granted by its Board of Governors;

WHEREAS, UNI was incorporated to provide various community services to communities within the City of Peoria;

AND, WHEREAS the services and programs developed, operated, and administered by UNI benefit the people of the City of Peoria;

AND, WHEREAS UNI provides needed services which might otherwise become direct or indirect obligations of the City of Peoria;

AND, WHEREAS both the City and UNI desire that UNI continue to provide such programs and services;

NOW THEREFORE, it is agreed, pursuant to the terms and provisions of this agreement, that the parties hereto agree as follows;

Section 1

The City shall grant the amount of $100,000.00 to the UNI. The amount granted herein shall be used solely for a program operated by UNI which provides loans and grants to the rehabilitation of residential housing units in the United Neighborhood area. The basic provisions and criteria for implementing the loan and grant program are set forth in an attachment hereto, said attachment made a part hereof.

Section 2

When the term "United Neighborhood area" or any other similar designation is used in this agreement, said term

shall name and include that geographic area of the City of Peoria bounded by McArthur Highway, Seventh Street, Western Avenue, and Lincoln Avenue, all in the City of Peoria.

Section 3

The Grantee shall keep records accounting for the expenditure of all funds granted herein. Said records shall be maintained in the manner acceptable to the City. These records shall be made available to the City for inspection upon reasonable notice.

Every ninety (90) days from the date of this Agreement, the Grantee shall submit a report to the City detailing and accounting for the expenditures of the funds herein granted. This report shall include a statement delineating the receipt of all funds granted herein. Each such reported expenditure items shall include the amount and purpose of the expenditure. While it shall not be necessary to include the application date of each applicant with the report to be submitted to the City, the City shall have the right, upon reasonable notice, to inspect such applications.

Section 4

UNI hereby warrants that it, any employee, agent or contractor employed or contracted with UNI for the pursuance of any of its corporate purposes, shall comply with all applicable provisions of Appendix F of the Municipal Code of the City of Peoria, said appendix providing for fair employment practices within the City of Peoria. The terms and provisions of said appendix shall be a part of this agreement as if the words and terms thereof were set forth herein.

Section 5

If UNI shall violate any term or terms of this Grant Agreement, then the City, upon seven days written notice, shall be entitled to terminate this agreement. Said written notice shall set forth the date of termination. Upon such termination, all monies granted herein which are unexpended on the date notice is received shall be returned to the

City. In the event, however, that it is determined that any of said monies granted herein are willfully, intentionally, or fraudulently expended for purposes other than permitted in this grant agreement, UNI shall be liable to the City of Peoria for the amount of such monies up to $100,000.00. Unless otherwise limited by the terms of this agreement, City of Peoria shall have all other remedies provided to it by law and equity.

Section 6

UNI shall provide, no later than 18 months from the date hereof, an audit, compiled by a certified public accounting firm, of the expenditure of all monies granted herein. At the time of providing said audit, the Grantee shall supply with the City with a detailed report respecting the implementation of the program described in Attachment A hereto.

Section 7

As it is understood between the parties that the City is granting this money on reliance upon the unique abilities of UNI, the parties agree that UNI shall not assign any of its rights under this Contract to any other party unless first having obtained the written consent of the City.

In witness whereof, the parties have caused their signatures to be affixed thereo thus making this Grant Agreement effective on the date herein before mentioned.

CITY OF PEORIA

By _____
City Manager

By HELEN CHANDLER
Chairperson, Board of Governors

ATTEST:

By: SHIRLEY JOHNSON
Secretary

ATTACHMENT A

BASIC PROVISIONS AND CRITERIA FOR LOAN AND GRANT PROGRAM

1. Applicant must reside with United Neighborhoods area.

2. Applicant must own subject property. Persons purchasing property for Contract for Deed shall be deemed to have an ownership interest pursuant to this criteria *only if* the Contract is recorded at the Peoria County Recorder of Deeds Office.

3. Applicant must rehabilitate the subject property in a manner to meet minimum housing standards of the city of Peoria.

4. The maximum amount of any loan shall be $10,000.00.

5. The maximum amount for the grant shall be $5,000.00.

6. Priority for receiving a grant shall be upon elderly persons (those 55 years or older), physically, mentally, emotionally handicapped persons, disabled persons, or other persons who, at the discretion of UNI have shown the characteristics which would especially make such persons qualify to receive grants instead of loans.

7. Priority shall be given to applicants who need a grant or loan to become eligible for other financial assistance.

8. Repayment of loans shall be based upon an individual's ability to pay.

9. The funds received as repayment shall be used solely to fund additional grants and loans under the same criteria as listed herein.

10. In the event of the disaolution of UNI, any remaining funds from this program shall be returned to the City.

11. Final approval of loans or grants shall be made by the Housing Committee of the UNI Board of Governors.

GOVERNMENT EXHIBIT NO. 16
FOR THE UNITED STATES DISTRICT COURT,
CENTRAL DISTRICT OF ILLINOIS

GRANT AGREEMENT

WITNESSETH, this agreement, executed on March 26, 1979, is made between the City of Peoria (City) pursuant to authority granted by City Council, and United Neighborhoods, Inc. (UNI), an Illinois not-for-profit corporation located at 219-221 South Saratoga, Peoria, Illinois, pursuant to authority granted by its Board of Governors;

WHEREAS, UNI was incorported to provide various community services to communities within the City of Peoria;

AND, WHEREAS the services and programs developed, operated, and administered by UNI benefit the people of the City of Peoria;

AND, WHEREAS UNI provides needed services which might otherwise become direct or indirect obligations of the City of Peoria;

AND, WHEREAS both the City and UNI desire that UNI continue to provide such programs and services;

NOW, THEREFORE, it is agreed, pursuant to the terms and provisions of this agreement, that the parties hereto agree as follows:

Section 1

The City hereby grants to UNI the amount of $79,000.00 for equipment and the amoung of $147,000.00 for salaries in connection with UNI's recycling—maintenance program and housing rehabilitation program. The amounts budgeted for equipment and salaries are set forth in Exhibit A hereto. The job descriptions for which the salary amounts are granted are set forth in Exhibit B hereto. The money granted for equipment shall be expended within one year from this agreement. Any money not so expended for equipment shall be returned to the City.

Section 2

Under its recycling and maintenance program, UNI will provide a supervised crew for the salvage of building materials and mechanical equipment from structures to be demolished from the area bounded by MacArthur Highway, Seventh Street, Western Avenue, and Lincoln Avenue in Peoria, Illinois, as well as from the Peoria Southtown area. The salvage materials will be used to offset the cost of rehabilitation activities. UNI will have responsibility to demolish and haul away delapidated garages and sheds as well as primary structures.

UNI will be utilized in performing minor home maintenance services for residents within the area bounded by MacArthur Highway, Seventh Street, Western Avenue, and Lincoln Avenue in Peoria, Illinois, who are unable to perform such activities themselves. These activities will include, but shall not be limited to, painting, minor plumbing repairs, winterization, debris removal, maintenance of mechanical equipment, and repair of storm windows and doors.

UNI's housing rehabilitation program shall provide funds and the work force needed to perform rehabilitation activities. These activities are described in greater detail in Exhibit B.

Section 3

UNI hereby warrants that it, any employee, agent or contractor employed or contracted with UNI for the pursuance of any of its corporate purposes, shall comply with all applicable provisions of Appendix F of the Municipal Code of the City of Peoria, said appendix providing for fair employment practices within the City of Peoria. The terms and provisions of said appendix shall be a part of this agreement as if the words and terms thereof were set forth herein.

Section 4

If UNI shall violate any term or terms of this Grant Agreement, then the City, upon seven days written notice, shall be entitled to terminate this agreement. Said written

notice shall set forth the date of termination. Upon such termination, all monies granted herein which are unexpended on the date notice is received shall be returned to the City. In the event, however, that it is determined that any of said monies granted herein which have been expended are willfully, intentionally, or fraudulently expended for purposes other than permitted in this grant agreement, UNI shall be liable to the City of Peoria for the amount of such monies up to $226,000.00. Unless otherwise limited by the terms of this agreement, City of Peoria shall have all other remedies provided to it by law and equity.

Section 5

UNI shall provide, no later than 18 months from the date hereof, an audit, compiled by the certified public accounting firm, of the expenditure of all monies granted herein. At the time of providing said audit, the Grantee shall supply the City with a detailed report respecting the implementation of the programs described herein.

Section 6

As it is understood between the parties that the City is granting this money on reliance upon the unique abilities of UNI, the parties agree that UNI shall not assign any of its rights under this Contract to any other party unless first having obtained the written consent of the City.

In witness whereof, the parties have caused their signatures to be affixed thereto thus making this grant agreement effective on the date herein mentioned.

CITY OF PEORIA

By _____
City Manager

UNI

BY: HELEN CHANDLER
Chairperson, Board of Governors

ATTEST:

SHIRLEY JOHNSON
Secretary

EXHIBIT A

BUDGET

	Subtotal	*Total*
Recycling/Maintenance Program and Housing Rehabilitation Program		
Equipment		
Tools and Supplies for Crew	3,500.00	
Leasing, Maintenance and Insurance for three (3) Trucks	16,500.00	
Building Materials	3,500.00	
Acquisition for Demolition	37,000.00	
Demolition	17,000.00	
Office Equipment and Supplies	1,500.00	
		79,000.00
Salaries		
Housing Rehabilitation/Salvage Staff		
a. Rehabilitation Coordinator	15,500.00	
b. Assistant Housing Inspector	10,500.00	
c. Recycling/Mainenance Specialists	60,500.00	
1. Supervisor (1)—$23,000.00		
2. Specialists (3)—$37,500.00		
d. Rehabilitation Specialists	60,500.00	
1. Supervisor (1)—$23,000.00		
2. Specialists (3)—$37,500.00		147,000.00
Total		226,000.00

EXHIBIT B

JOB DESCRIPTIONS

A. Housing Rehabilitation/Salvage Staff

Salaries for ten persons, with a priority to hire unemployed persons, is being requested in the amount of $147,000.00. These monies will be paid as wages and benefits to:

Rehabilitation Coordinator (1)
Assistant Housing Inspector (1)
Recycling/Maintenance Supervisor (1)
Rehabilitation Supervisor (1)
Recycling/Maintenance Specialists (3)
Rehabilitation Specialists (3)

These employees will work with the staff of the UNI Community Center, whose major duties encompass all aspects of Community Development, both physical and progammatic.

Rehabilitation Coordinator—The duties of this position will be to contract with community individuals who apply for rehab assistance, contract with demolition firms, and purchase property for demolition. This individual will work closely with the UNI Housing Committee, Recycling/Maintenance Supervisor, Rehab Supervisor, the Assistant Housing Inspector and the UNI Center staff. He will also keep records and accounts for contracts, budgets, follow-ups, and volunteer hours.

The *Recycling and Maintenance Supervisor* will be a Journeyman Carpenter or equivalent and will work with the Housing Commmittee, Rehab Coordinator, Assistant Housing Inspector, Rehabilitation Supervisor and Center staff.

He will be responsible for the training of three (3) persons to identify and use recyclable materials needed for housing construction and/or rehabilitation and repair. He will also seek out buildings to be demolished, assure that all salvageable materials are stored properly, and acquired materials are delivered to properties designated for their use in rehabilitation. The final inspection of demolished

structures and approval for payment of the demolition contractor by the coordinator rests with the Recycling/Maintenance Supervisor.

The *Rehabilitation Supervisor* will be a Journeyman Carpenter or equivalent and will be responsible for the training of three (3) persons in carpentry and other skills necessary to the rehabilitation and repair of homes so that they meet all required code standards. He will work closely with the Housing Committee, Rehab Coordinator, Recycling/Maintenance Supervisor, Assistant Housing Inspector, and Center staff. This individual will seek out homes to be rehabilitated, do a follow-up evaluation on each completed building, and assure that the homes meet current city code with verification coming from the Housing Inspector.

The *Assistant Housing Counselor* will be hired to work with a qualified city inspector to learn City Housing Codes and complete housing inspections. He will be available to the community for inspections, list required repairs, and do follow-up inspections to insure that the rehabilitated structures pass city code. In addition this person will counsel property owners to bring their house up to code.

He will, when qualified as an inspector, train others in inspection. He will work closely with the Housing Committee, Recycling and Maintenance Supervisor, Rehabilitation Supervisor, Rehabilitation Coordinator and Center Staff.

The *Six Rehabilitation and Recycling/Maintenance Positions* will be divided into two (2) crews of three (3) members, and will rotate as the supervisors designate so that they will acquire ability and knowledge in areas of demolition, salvaging, recycling, and rehabilitation and repair.

They will also learn skills in jobs such as replacing windows, rebuilding walls, repairing roofs, and foundations, etc., as well as painting, landscaping and yard work to enhance property.

A greater knowledge of math used in the building trades, contractual negotiations, budgeting and language usage will insure their ability to independently seek out lucrative employment once they are trained properly.

Therefore, the salaries of these persons will not only train unskilled persons to become self-sufficient, but will greatly enhance the community as a whole by removing eyesores, rehabilitating and beautifying homes, revitalizing an important segment of Peoria, and insuring the assistance and cooperation of Center South Side residents with the City in the area of complete community development.

GOVERNMENT EXHIBIT NO. 17
FOR THE UNITED STATES DISTRICT COURT,
CENTRAL DISTRICT OF ILLINOIS
(6/2/81)

GRANT AGREEMENT

WITNESSETH, this agreement, executed on March 26, 1979, is made between the City of Peoria (City) pursuant to authority granted by City Council, and United Neighborhoods, Inc. (UNI), an Illinois not-for-profit corporation located at 219-221 South Saratoga, Peoria, Illinois, pursuant to authority granted by its Board of Governors;

WHEREAS, UNI was incorporated to provide various community services to communities within the City of Peoria;

AND, WHEREAS the services and programs developed, operated, and administered by UNI benefit the people of the City of Peoria;

AND, WHEREAS UNI provides needed services which might otherwise become direct or indirect obligations of the City of Peoria;

AND, WHEREAS both the City and UNI desire that UNI continue to provide such programs and services;

AND, WHEREAS the City of Peoria has previously granted an amount of $84,000.00 to UNI for the partial construction of community center;

AND, WHEREAS both parties hereto desire that said community center be completed;

NOW THEREFORE, it is agreed, pursuant to the terms and provisions of this agreement, that the parties hereto agree as follows:

Section 1

The City shall grant the amount of $105,000.00 to UNI for the sole and only purpose of finishing UNI's community center at 219-221 Saratoga, Peoria, Illinois. All construction must comply to applicable building codes and other laws of the City of Peoria and shall be completed within one year of this Agreement. Any amount not expended by the end of one year, shall be returned to the City. The commu-

nity center will be used for the following purposes, among others:

1. Administrative offices for the executive staff of UNI and for the Loan and Grant and Rehabilitation program.
2. The providing of public space for community meetings and for other social services.
3. Community services offered by UNI from time to time, including:
   a. Elderly Nutrition Program
   b. A tutoring Program

It is understood between the parties that this community center is a viable part of the Southside Neighborhood strategy.

Section 2

The Grantee shall keep records accounting for the expenditure of all funds granted herein. Said records shall be maintained in the manner acceptable to the City. These records should be made available to the City for inspection upon reasonable notice.

Every ninety (90) days from the date of this Agreement, the Grantee shall submit a report to the City detailing and accounting for the expenditures of the funds herein granted. This report shall include a statement delineating the receipt of all funds granted herein. Each such reported expenditure items shall include the amount and purpose of the expenditure.

Section 3

UNI hereby warrants that is, any employee, agent or contractor employed or contracted with UNI for the pursuance of any of its corporate purposes, shall comply with all applicable provisions of Appendix F of the Municipal Code of the City of Peoria, said appendix providing for fair employment practices within the City of Peoria. The terms and provisions of said appendix shall be a part of this agreement as if the words and terms thereof were set forth herein.

Section 4

If UNI shall violate any term or terms of this Grant Agreement, then the City, upon seven days written notice, shall be entitled to terminate this agreement. Said written notice shall set forth the date of termination. Upon such termination, all monies granted herein which are unexpended on the date notice is received shall be returned to the City. In the event, however, that it is determined that any of said monies granted herein which have been expended are willfully, intentionally, or fraudulently expended for purposes other than permitted in this grant agreement, UNI shall be liable to the City of Peoria for the amount of such monies up to $105,000.00. Unless otherwise limited by the terms of this agreement, City of Peoria shall have all other remedies provided to it by law and equity.

Section 5

UNI shall provide, no later than 18 months from the date hereof, an audit, compiled by a certified public accounting firm, of the expenditure of all monies granted herein. At the time of providing said audit, the Grantee shall supply with the City with a detailed report respecting the implementation of the community center.

Section 6

As it is understood between the parties that the City is granting this money on reliance upon the unique abilities of UNI, the parties agree that UNI shall not assign any of its rights under this Contract to any other party unless first having obtained the written consent of the City.

Section 7

In the event UNI is able to finish the community center for an amount less than $105,000.00 granted herein, such amount not used shall be returned to the City.

Section 8

UNI shall spend the monies herein granted for the below listed items in substantially the amounts listed therewith:

Completion of Community Center

Basement and Entrance	5,600.00
First Floor	6,200.00
Second Floor	43,200.00
Attic	6,500.00
Exterior, Fire Escape, etc.	24,000.00
Bldg. Furnishings	7,000.00
Utilities	5,000.00
Office Equipment	7,500.00
TOTAL	105,000.00

In witness whereof, the parties have caused their signatures to be affixed thereto thus making this grant agreement effective on the date herein before mentioned.

CITY OF PEORIA

/s/_____

City Manager

UNI

/s/_____

Chairperson, Board of Governors

ATTEST:

SHIRLEY JOHNSON

Secretary

GOVERNMENT EXHIBIT NO. 18
FOR THE UNITED STATES DISTRICT COURT,
CENTRAL DISTRICT OF ILLINOIS
(6/2/81)
CITY COUNCIL APPROVAL ON 8/28/79

CONTRACT AGREEMENT

WITNESSETH, this agreement, executed on Oct. 24, 1979, is made between the City of Peoria, Illinois (City) pursuant to authority granted by City Council, and United Neighborhoods, Inc. (UNI), an Illinois not-for-profit corporation located at 219-221 South Saratoga, Peoria, Illinois, pursuant to authority granted by its Board of Governors;

WHEREAS, UNI was incorporated to provide various community services to communities within the City of Peoria; and

WHEREAS, the services and programs developed, operated, and administered by UNI benefit the people of the City of Peoria; and

WHEREAS, UNI provides needed services which might otherwise become direct or indirect obligations of the City of Peoria; and

WHEREAS, both the City and UNI desire that UNI continue to provide such programs and services;

NOW, THEREFORE, pursuant to the terms and provisions of this agreement, the parties hereto agree as follows:

Section 1. The City shall grant the amount of $669,200.00 to UNI. The amount granted herein shall be used solely for a program operated by UNI which provides loans and grants to the rehabilitation of residential housing units in the designated Metropolitan Reallocation Grant Area. The basic provisions and criteria for implementing the loan and grant program are set forth in Appendix A, attached hereto, said attachment made a part hereof.

Section 2. When the term "Metropolitan Reallocation Grant Area" or any other similar designation is used in this agreement, said term shall name and include that geographic area of the City of Peoria bounded by Saratoga Street, Webster Street, McBean Street and Second Street.

Section 3. UNI shall have the responsibility for the administration of all aspects of the rehabilitation program with technical assistance from the City of Peoria for inspections and work specifications. Funds for the rehabilitation program as set forth in Section 1 shall be made available to UNI in amounts needed to satisfy their actual, immediate cash requirements.

Section 4. UNI shall keep records accounting for the expenditure of all funds granted herein. Said records shall be maintained in a manner acceptable to the City. These records shall be made available to the City for inspection upon reasonable notice.

Every ninety (90) days from the date of this Agreement, UNI shall submit a report to the City detailing and accounting for the expenditures of the funds herein granted. This report shall include a statement delineating the receipt of all funds granted herein. Each such reported expenditure item shall include the amount and purpose of the expenditure. While it shall not be necessary to include the application date of each applicant with the report to be submitted to the City, the City shall have the right, upon reasonable notice, to inspect such applications.

Section 5. UNI hereby warrants that it, any employee, agent or contractor employed or contracted with UNI for the pursuance of any of its corporate purposes, shall comply cable provisions of Appendix F of the Municipal Code of the City of Peoria, said appendix providing for fair employment practices within the City of Peoria. The terms and provisions of said appendix shall be a part of this agreement as if the words and terms thereof were set forth herein.

Section 6. If UNI shall violate any term or terms of this Grant Agreement, then the City, upon seven (7) days' written notice, shall be entitled to terminate this agreement. Said written notice shall set forth the date of termination. Upon such termination, all monies granted herein which are unexpended on the date notice is received shall be returned to the City. In the event, however, intentionally, or fraudulently expended for purposes other than permitted in this Grant Agreement, UNI shall be liable to the City of Peoria for the amount of such monies up to $669,200.00.

Unless otherwise limited by the terms of this agreement, the City of Peoria shall have all other remedies provided to it by law and equity.

Section 7. UNI shall provide, no later than 18 months from the date hereof, an audit, compiled by a certified public accounting firm, of the expenditure of all monies granted herein. At the time of providing said audit, UNI shall supply the City with a detailed report respecting the implementation of the program described in Appendix A hereto.

Section 8. As it is understood between the parties that the City is granting this money in reliance upon the unique abilities of UNI, the parties agree that UNI shall not assign any of its rights under this Contract to any other party unless first having obtained the written consent of the City.

In witness whereof, the parties have caused their signature to be affixed thereto thus making this Grant Agreement effective on the date herein before mentioned.

CITY OF PEORIA

/s/_____

City Manager

UNI

/s/ HELEN CHANDLER

Chairperson, Board of Governors

ATTEST:

SHIRLEY JOHNSON

Secretary

APPENDIX A

BASIC PROVISIONS AND CRITERIA FOR LOAN AND GRANT PROGRAM

1. Applicant must reside within the Metropolitan Reallocation Grant area.

2. Applicant must own subject property. Persons purchasing property by Contract for Deed shall be deemed to have an ownership interest pursuant to this criteria *only* if the Contract is recorded at the Peoria County Recorder of DEEEDS' OFFICE.

3. Applicant must rehabilitate the subject property in a manner to meet minimum housing standards of the City of Peoria.

4. The maximum amount of any loan shall be $27,000.00.

5. The maximum amount of the grant shall be $7,500.00.

6. Priority for receiving a grant shall be upon elderly persons (those 55 years of older), physically, mentally, or emotionally handicapped persons, disabled persons, or other persons who, at the discretion of UNI, have shown the characteristics which would especially make such persons qualify to receive grants instead of loans.

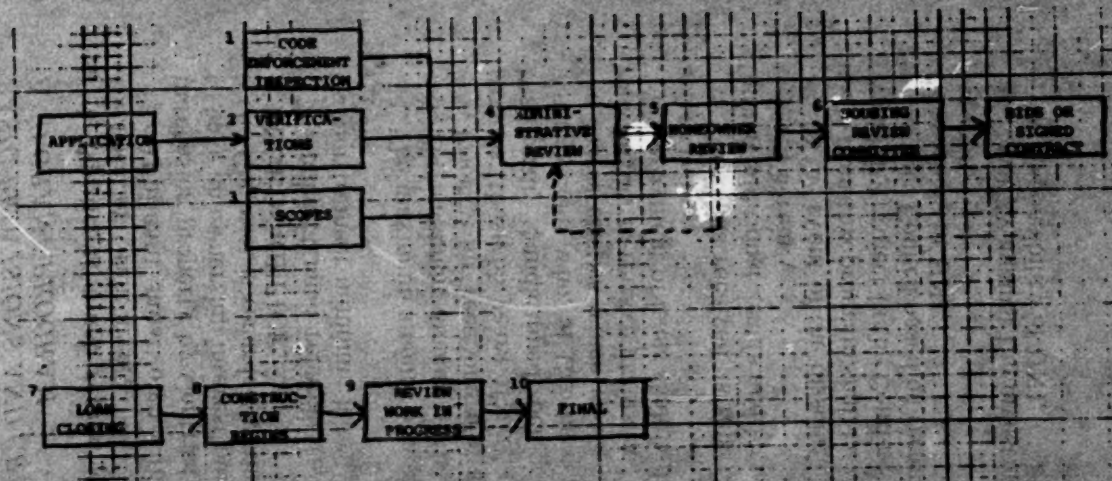
7. Repayment of loans shall be based upon an individual's ability to pay.

8. The funds received as repayment shall be used solely to fund additional grants and loans under the same criteria as listed herein.

9. In the event of the dissolution of UNI, any remaining funds from this program shall be used for a housing related community project in the Center South Side to be approved by the City Council based on recommendations of the Board of Governors of UNI.

10. * * * * *

11. Security against the investment in any property shall be the responsibility of UNI.



-1. To be done by the City of Peoria and U.N.I. inspector.

-2. Includes, but not limited to: (1) verification of ownership (title by Chicago Title); (2) certified copy of mortgage; (3) disposition of funds; (4) evidence of homeowner insurance (minimum coverage must be existing debt on property); (5) Federal Truth-in-Lending requirements.

-3. Shows all work to be done, including minimum code items.

-4. To be conducted by City of Peoria and UNI. All of the above must be included before this step.

-5. If the homeowner has any changes, the entire package must go back to administrative review.

-6. Clears City to begin draw-down procedures.

-7. Also must include signed contract with the owner and contractor.

-8. Before construction begins, contractor must present verification of insurance.

-9. To be preformed by City and UNI.

-10. To be preformed by City and UNI.

GOVERNMENT EXHIBIT NO. 25
FOR THE UNITED STATES DISTRICT COURT,
CENTRAL DISTRICT OF ILLINOIS

AMENDMENT TO GRANT AGREEMENT

WITNESSETH, this Amendment, executed on May 5, 1980, is made by and between the City of Peoria ("City") pursuant to the authority granted by its City Council, and United Neighborhoods, Inc. ("UNI"), an Illinois not-for-profit corportion, located at 219-221 South Saratoga, Peoria, Illinois, pursuant to the authority granted by its Board of Governors:

WHEREAS, the City and UNI have previously entered into a Grant Agreement dated March 26, 1979 for the purposes and programs therein stated;

WHEREAS, said purposes and programs are continued to be administered by UNI, and

WHEREAS, the City of Peoria desires to aid UNI to continue such efforts.

NOW, THEREFORE, IT IS AGREED BY THE PARITES HERETO, that the Grant Agreement between such parties, executed on March 26, 1979, is modified as follows:

Section 1. The provisions of Sections 2, 3, 4, 5 and 6 of the previous Grant Agreement shall apply and be of equal force in this Amendment as if the words and terms therein set forth were set forth herein.

Section 2. Commencing fifteen (15) days from the date of this Agreement, the City shall pay UNI the sum of Nine Thousand Seven Hundred Two Dollars ($9702.00) and a like sum on the same day of the next succeeding five (5) months to defray the cost of administering the plans and programs set forth in the Grant Agreement of March 26, 1979. The monthly budget for said amount granted by this paragrah is as follows:

Utilities—$875.00
Office Equipment Supplies—$500.00
Professional Services—$1,000.00
Insurance—$380.00, property

Tools and Supplies—$200.00
Leasing and insurance for trucks—$1,400.00
Maintenance of trucks—$500.00
Building materials—$250.00
Maintenance of property—$150.00
Director of materials—$1,617.00
Rehabilitation Coordinator—$1,400.00
Assistant Rehabilitation Coordinator—$1,130.00
Health Insurance—$300.00

Section 3. In addition to the amounts herein granted, the City shall further grant to UNI, payable within thirty (30) days of the date of this Agreement, the amount of Sixty Five Thousand Dollars ($65,000.00) to defray the annual salary costs of four (4) staff personnel. The job description of these personnel is set forth in Attachment A to this Grant Agreement.

Section 4. UNI hereby warrants that it, any employee, agent or contractor employed or contracted with UNI for the pursuance of any of its corporate purposes, shall comply with all applicable provisions of Appendix "F" of the Municipal Code of the City of Peoria, said appendix providing for fair employment practices within the City of Peoria. The terms and provisions of said appendix shall be a part of this Agreement as if the words and terms thereof were set forth herein.

UNI warrants that it shall be subject, to the extent applicable, Executive Order 12246 entitled "Equal Employment Opportunity" and amended by Executive Order 11375 and as supplemented in Department of Labor Regulations (41 CFR, Chapter 60). All contracts for construction or repair shall include a provision for compliance with the Copeland Anti-Kickback Act (18 USC 874) as supplemented by Department of Labor Regulations, 29 CFR Part 3. All contracts shall include a provision for comliance with Davis-Bacon Act (40 USC 27, 6 at A-7) as supplemented by Department of Labor Regulations (29 CFR Part 5). All contracts in excess of $2,000.00 for construction or in excess of $2,500.00 for other contracts which involve the employment of mechanics or laborers shall include a provision for compliance with Sections 103 and 107 of the Contract Work

Hours and Safety Standards Act (40 USC, 327-330) as supplemented by Department of Labor Regulations (29 CFR Part 5). All contracts negotiated by UNI for the improvements herein (except those in the amount of $10,000.00 or less) shall include a provision to the effect that the City, the Controller General of the United States of America or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to this grant, for the purpose of making audit, examination, excerpts, and transcriptions therefrom. UNI shall comply with HUD Block Grant regulations (24 CFC 571.1, et seq.)

CITY OF PEORIA,

By _____
City Manager

UNITED NEIGHBORHOODS, INC.,
By HELEN CHANDLER

ATTEST:
By SHIRLEY JOHNSON

ATTACHMENT A
JOB DESCRIPTIONS

B. ADMINISTRATIVE STAFF

United Neighborhoods, Inc. is asking for $65,000 for four (4) full time staff positions to continue their community development and rehabilitation activities in cooperation with the city of the Center South Side of Peoria.

The four staff people will continue to work closely with city personnel in insuring that community development work in the areas of housing rehabilitation, demolition, community loan programs, and housing inspections services programs will continue to be successful.

In order to facilitate the community development work that is presently operating successfully, and to expand on the programs, there is a need to fund the following full time staff positions: Since UNI is a community run organization, the *Executive Director* will be delegating much organizational work to trained volunteers with some of his time allocated to these duties. He will be responsible for all directives from the various committees to the staff, and see that those directives are carried out. He will make regular reports to the committees and the Board of Governors regarding status of programs and activities, make sure that an adequate number of volunteers are trained to carry out assignments in all areas of programming and community development.

The Director of Program Development is directly responsible to the Management Committee, and to the Executive Director. He trains volunteers to work in organizational duties and in various programs. Much of his time is spent in preparing and/or conducting informational workshops, community programs, home and property maintenance workshops, and knowing about present and future city programs that will benefit community persons.

The Director of Community Development is directly responsible to the Planning Commitee and to the Executive Director. His responsibilities include working with city staff and residents to find ways to meet the needs of the

community, to continually update the needs assessment that is conducted by his department, to attend any public meetings that are pertinent to community development, and to train volunteers to assist with various community development activities. He is also responsible for maintaining a clear communications system between the process for the community, and training community volunteers to assist in all facets of his position.

The Office Manager, the fourth position for which funding is requested, is directly responsible to the Executive Director. This position is responsible for maintaining a current file on city programs and activities that pertain to the Center South Side, maintaining a file on pertinent information gathered at public meetings, so that it is available to the community residents, being responsible for the smooth operation of the Community Center in the absence of other staff when they are working directly in the community. She is also responsible for all duties connected with the successful functioning of the business office of an organization.

All administrative staff will be available to give technical assistance to contractors, as it relates to his/her particular position.

IN THE UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

Nos. 81-2206 and 81-2207

UNITED STATES OF AMERICA, PLAINTIFF-APPELLEE,

v.

JAMES LEE HINTON AND ARTHUR DIXSON,
DEFENDANTS-APPELLANTS.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE
CENTRAL DISTRICT OF ILLINOIS, PEORIA DIVISION.
NO. 81-CR-10007—**Robert D. Morgan,** *Judge.*

ARGUED FEBRUARY 9, 1982—DECIDED JULY 8, 1982

Before PELL, *Circuit Judge,* FAIRCHILD, *Senior Circuit Judge,* and ESCHBACH, *Circuit Judge.*

PELL, *Circuit Judge.* The appellents, Arthur Dixson and James Lee Hinton, were found guilty by a jury of violating 18 U.S.C. § 201(c)(1) and (2) by soliciting money in exchange for the award of housing rehabilitation contracts funded under the Housing and Community Development Act of 1974, 42 U.S.C. §§ 5301-5320 (Supp. III 1979) (the Act). Dixson and Hinton were, respectively, the Executive Director and Housing Rehabilitation Coordinator of a community based, nonprofit corporation called United Neighborhoods, Inc. (UNI). Pursuant to the Act, UNI had entered into a contract with the city of Peoria to administer federal funds awarded to Peoria under a Community Development Block Grant and a Federal Metro Reallocation Grant from the United States Department of Housing and

Urban Development (HUD).[1] The Community Development Block Grant program administered by UNI was entirely sponsored by federal funds, which paid UNI's costs as well as the salaries of its employees. The primary issue in these appeals is whether Dixson and Hinton were "public officials" within the meaning of 18 U.S.C. § 201(c) (1976).

During 1979 and 1980, the city of Peoria received a Community Development Block Grant and Metro Reallocation Grant from HUD. The purpose of these grants was community development, including the rehabilitation of residential structures. In accordance with the Act and regulations pursuant to the Act, the city contracted with UNI to administer the grant funds. For housing that met the statutory and regulatory criteria for the funds, UNI had the responsibility of soliciting bids from contractors to perform the housing rehabilitation. After the receipt of bids, the Housing Committee of UNI was responsible for awarding the contract to the successful bidder. There was testimony, however, from several witnesses that contracts were awarded without obtaining the approval of the Housing Committee. Successful bidders were paid for their work by UNI from the grant funds it had received from the city, which had previously received the funds from HUD. UNI had to account to the city for the expenditure of the federal funds, and the city, in turn, was responsible for accounting to HUD for all funds it had received.

Ora Logsdon, a contractor who received several housing contracts from UNI, was the primary Government witness against Dixson and Hinton. He testified that he had received rehabilitation contracts for ten houses from UNI pursuant to an agreement with Dixson and Hinton to pay them 10% of the amount of each contract. He said he would pay Dixson and Hinton their 10% after cashing the checks he had received for his work from UNI.

Gerald Lilly, another contractor, testified that he had been told by Dixson that he should pay 10% of the contract

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[1] Both Community Development Block grants and Federal Metro Reallocation grants are governed by the Housing and Community Development Act of 1974. These grant programs shall be referred to collectively as the Community Development Block Grant program.

price in order to receive a rehabilitation contract. At one point Lilly met with Dixson and Hinton who helped him prepare his bids. Hinton told Lilly on which houses to bid and recommended that the amount of one bid be lowered. Hinton also reassured Lilly that submitting the bids was just a formality. Subsequently Lilly paid Dixson when he received his first check from UNI.

I. Hinton and Dixson as "Public Officials"

Section 201(c)(1) of 18 U.S.C. prohibits any "public official" from directly or indiretly asking, demanding, soliciting, accepting, or receiving anything of value in return for being influenced in the performance of any official act. 18 U.S.C. §§ 201(c)(1) (1976). Section 201(a) defines "public official" to include any person "acting for or on behalf of the United States or any department, agency or branch of Government thereof." 18 U.S.C. § 201(a) (1976). Both appellants, relying primarily on the decisions of the Second Circuit in *United States* v. *Loschiavo*, 531 F.2d 659 (2d Cir. 1976), and *United States* v. *Del Toro*, 513 F.2d 656 (2d Cir.), *cert. denied*, 423 U.S. 826 (1975), assert that they cannot be considered "public officials" because they were not acting for or on behalf of the United States.

This court's recent decision in *United States* v. *Mosley*, 659 F.2d 812 (7th Cir. 1981), is dispositive of the arguments advanced by the appellants in support of their position that they were not acting for or on behalf of the United States. In *Mosley*, we distinguished *Loschiavo* and *Del Toro* as involving a separate statutory scheme (the "Model Cities" program) from that in *Mosley* (the Comprehensive Employment and Training or "CETA" program). In light of the statute, regulations, and legislative history of the CETA program, we concluded that federal government involvement in the CETA program was more subtantial than that in the Model Cities program, to the extent that Mosley was acting for or on behalf of the United States in the CETA program. This conclusion was buttressed by review of Mosley's position within the federal program. *Id.* at 814-15.

The present case involves a different statutory scheme from that in *Mosley*, and, for that matter, from that in

Loschiavo and *Del Toro*. Although the Act consolidated into one program several community development programs including the Model Cities program at issue in *Loschiavo* and *Del Toro*, federal involvement in the Community Development Block Grant program differs significantly from what it had been in the Model Cities program. The Housing and Community Development Act of 1974 provides for substantial federal supervision over the cities and all sub-grantees responsible for local distribution of grant funds. Two of the stated objectives of the Act are "substantial expansion of the greater continuity in the scope and level of Federal assistance" and the "development of a national urban growth policy by consolidating a number of complex and overlapping programs of financial assistance to communities of varying sizes and needs into a consistent system of Federal aid." 42 U.S.C. § 5301(b)(2) and (d) (Supp. III 1979).

In order for an applicant to receive a grant, the applicant must submit to the Secretary of HUD, *inter alia*, a three-year comprehensive community development plan, a detailed program of implementation, and a housing assistance plan, that must be approved by the Secretary prior to funding. *Id.* § 5304. The activities which may be performed under a Community Development Block Grant program are circumscribed in great detail. *Id.* § 5305. In addition, annual performance reports must be submitted with an assessment of compliance with the objectives of the Act. The Secretary is also directed to make reviews and audits of the grantees' programs on at least an annual basis to determine whether the grantees are meeting the federal standards and to adjust federal funds in accordance with such findings. *Id.* § 5304(d). The Secretary reserves the right to audit the financial transactions of fund recipients. *Id.* § 5304(g).

Pursuant to the statute, the Secretary of HUD has issued extensive regulations governing Community Development Block grants. 24 C.F.R. Part 570 (1981). These regulations govern in detail grant procedures, as well as program design, management, and administration. Specifi-

cally, section 570.204 governs eligible activities by private non-profit entities such as UNI. 24 C.F.R. § 570.204 (1981). Section 570.507 provides that OMB Circular No. A-102 governs the procurement of materials and services funded under the program and procured by subgrantees and subrecipients. *Id.* § 570.507. Section 570.509 reserves to the Secretary a right of access to all books, accounts, records, reports, files and other papers or property of subgrantees for the purpose of making surveys, audits, examinations, excerpts, and transcripts. *Id.* § 570.509. Section 570.900 sets forth the performance standards by which all recipients of funds are to be evaluated by the Secretary, the reports to be submitted by recipients, and the records to be maintained by recipients. *Id.* § 570.900-.913.

Although the purpose of the Act was, in part, to allow flexibility to local units in administering the grants, the legislative history demonstrates that the Act was primarily intended to improve federal supervision over federal housing and urban development programs. Senate Report No. 93-693 notes that the consolidation of community development programs was designed to produce a single, more comprehensive community development program "primarily to insure that Federal funds would be used with a priority" to meet the objectives of the Act. *S. Rep. No.* 93-693, 93d Cong., 2d Sess. 2, *reprinted in* 1974 *U.S. Code Cong. & Ad. News* 4273, 4274. Under the Community Development Block Grant program, as under the CETA program in *Mosley*, the federal funds flow from the local sponsor to the recipient of a contract rather than directly from the agency. Nevertheless, it is clear from the legislative history of the Act, as it was in the legislative history of CETA, that the purpose of this procedure was to streamline the funding process rather than to abdicate federal control over the substantive aspects of the program. Thus, the statute, regulations, and legislative history manifest Congress' intent to promote efficient, effective federal supervision over the Community Development Block Grant program. The extent of federal involvement is such that Dixson and Hinton were acting on behalf of the United States in their administration of the federal funds under the program.

Analysis of Dixson's and Hinton's positions within the program buttresses our conclusion that they were "public officials" within the meaning of § 201(a). The salaries of each and the entire cost of the program they administered were funded by the federal government for federal objectives. Their employment by the state does not preclude a determination that they were acting on behalf of the United States. *See, e.g., United States v. Mosley*, 659 F.2d 812 (7th Cir. 1981); *United States v. Kirby*, 587 F.2d 876 (7th Cir. 1978); *United States v. Griffin*, 401 F.Supp. 1222 (S.D. Ind. 1975), *aff'd without opinion sub nom. United States v. Metro Management Corp.*, 541 F.2d 284 (7th Cir. 1976); *United States v. Gallegos*, 510 F. Supp. 1112 (D.N.M. 1981). Dixson, as Executive Director of UNI, and Hinton, as UNI's Housing Rehabilitation Coordinator, were acting as federal agents in the sense of having discretion in administering the expenditure of federal funds. In light of the broad interpretation to be accorded section 201, *United States v. Mosley*, 659 F.2d at 816, we conclude that Dixson and Hinton were acting on behalf of the United States and, therefore, were "public officials."

The appellants attach significance to testimony that only the Housing Committee could award contracts. However, there was also evidence Dixson and Hinton had awarded contracts without the approval of the Housing Committee. Indeed, apparently neither in dealing with the contractors displayed any aspect of hypobulia. Viewing the evidence in the light most favorable to the Government, *Glasser v. United States*, 315 U.S. 60, 80 (1942), the contractors favored by the appellants were successful in their bids, so that Dixson and Hinton were in effect authorizing the expenditure of federal funds themselves. Even if they had not been able to award contracts on their own, we question whether the requirement of Housing Committee approval alone would so attenuate the appellants' authority to administer federal funds as to preclude their status as public officials. *See United States v. Mosley*, 659 F.2d at 816.

The authority of the appellants in relation to the federal government is closely analogous to the authority of the defendant in *United States v. Griffin*, 401 F. Supp. 1222

(S.D. Ind. 1975), *aff'd without opinion sub nom. United States v. Metro Management Corp.*, 541 F.2d 284 (7th Cir. 1976), and the appellants' attempts to distinguish that case are unpersuasive. In *Griffin*, the defendant was the principal officer and agent of a corporation awarded an area management broker contract by HUD. The corporation was responsible for soliciting competitive bids on housing contracts under a federal program. The corporation then submitted the three lowest bids to HUD with a recommendation that the lowest bid be accepted. Ordinarily the lowest bidder was awarded the contract if the bid met the federal criteria and estimate set by the area broker. The corporation received payment from HUD for each contract issued. As in the instant case, the defendant in *Griffin* solicited a 10% kickback for his favoritism in accepting bids although he alone did not have technical authority to award contracts. As the district court stated in finding the defendant Griffin, as well as the corporation, to be persons "acting for or on behalf of the United States":

> While the low bidder among those from which the area broker solicited bids was not guaranteed of being awarded the contract by HUD, testimony was presented that such low bidder was in fact awarded the job at least 95% of the time. Thus the Court feels that the defendants were placed in a position of responsibility and were enabled to exercise discretion to act for and on behalf of HUD in operating the system to provide for the rehabilitation of HUD properties. The mere fact that defendant Jack Griffin, as President of MMC, is an employee of the corporation and not of the United States does not prevent him from acting as a "public official" as defined in 18 U.S.C. § 201(a).

401 F. Supp. at 1230. Similarly, Dixson and Hinton had the authority and power to influence or control the dispersal of

federal funds on behalf of HUD.[2] Accordingly, Hinton and Dixson qualify as "public officials" within the meaning of section 201(c).[3]

II. Sufficiency of the Evidence as to Hinton

Hinton's remaining objections on appeal may be briefly addressed. Hinton claims that he was entitled to acquittal because there was insufficient evidence on all relevant counts for the jury to find that Hinton awarded any contracts, or that he accepted or solicited a bribe from Gerald Lilly as alleged in Count X of the indictment. Both objections are without merit.

On appeal the evidence must be viewed in the light most favorable to the Government, together with all reasonable inferences. As previously pointed out, the testimony of Ora Logsdon was that he had been awarded contracts which, according to other witnesses' testimony, had not been awarded by the Housing Committee. Logsdon testified that he had been awarded ten contracts, and that Hinton and Dixson had agreed to award him all the contracts he could handle if he paid them kickbacks. Oscar Penn, a member of the Housing Committee, testified that housing rehabilitation contracts were awarded that had not been approved by the Committee. As to Count X of the indictment,[4] there

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[2] In emphasizing the extent to which contracts were actually awarded based on Hinton's and Dixson's actions, we do not intend to suggest that the solicitation of a bribe actually had to have resulted in the award of a contract for a violation of section 201 to have occurred. *E.g., United States v. Arroyo*, 581 F.2d 649, 654 n.10 (7th Cir. 1978), *cert. denied*, 439 U.S. 1069 (1979). The frequency with which the appellants effectuated the solicited result relates to their control and discretion over the funds and, thus, to the issue of whether they were acting on behalf of the United States in their positions.

[3] We attach no significance to the testimony of James Barnes, program manager of the Chicago area office of HUD, that he was not specifically aware of UNI and was not required to be aware of its existence. Mr. Barnes' personal knowledge of a specific subgrantee in a regional area is of little probative value in assessing the pervasiveness of federal regulation of the program.

[4] Count X alone was predicated on 18 U.S.C. § 201(c)(1) *and* (2). Section 201(c)(2) prohibits a public official from, directly or indirectly, asking, demanding, exacting, soliciting, seeking, accepting, receiving

was testimony that Hinton, with assistance from Dixson, told Lilly on which houses to bid, that one bid had to be lower than he had originally made it, and that the bids were simply a formality. Lilly went to UNI's office with $2,000.00 from his first check from UNI, and paid the money to Dixson who was in the office at that time. This evidence, and the inferences which can be drawn therefrom, were sufficient to sustain the jury verdict as to Hinton on all counts.

III. The Cross-Examination of Ora Logsdon

Hinton objects to the district court's refusal to allow him cross-examination of Logsdon for impeachment purposes based on Logsdon's purported misappropriation of certain UNI funds. Generally a trial court has wide discretion to limit cross-examination, with the standard on review for the adequacy of cross-examination on bias or motive being whether the jury had sufficient information to make a discriminating appraisal of the witness's bias or motive. *United States v. Fitzgerald*, 579 F.2d 1014 (7th Cir.), *cert. denied*, 439 U.S. 1002 (1978).

Logsdon admitted to bribing Hinton and Dixson. He was questioned in cross-examination about law enforcement officers having sought him out for information, about denying any involvement in the bribery to the officers, about his first interview by law enforcement officials in his attorney's office, and about owing money to the Government for unpaid taxes. The cross-examination made it clear that Logsdon was a party to the illegal transaction and that he had been sought out by law enforcement officials. This cross-examination was sufficient to allow the jury to assess adequately Logsdon's bias or motive so that the district court's limitation on further cross-examination was not an abuse of discretion.

Finally, Hinton appears to suggest that the indictment was defective because it failed to allege how Hinton was

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or agreeing to receive anything of value in return for being influenced to commit *or aid in committing*, or to collude in, or allow, any fraud, or make opportunity for the commission of any fraud, on the United States. 18 U.S.C. § 201(c)(2) (1976) (emphasis added).

acting for or on behalf of the United States. However, each count of the indictment alleged that Hinton and Dixson, as employees of UNI, were involved in accepting bids and awarding and administering contracts between UNI and contractors for the rehabilitation of housing under grant funds from HUD, a department of the Government of the United States, to the city of Peoria, pursuant to a contract between UNI and the city. These allegations of the indictment were clearly sufficient to apprise Hinton of the nature and elements of the charge as set forth in *Hamling v. United States*, 418 U.S. 87, 117 (1974).

For the reasons stated herein the judgment of the district court is as to both appellants on all counts

AFFIRMED.

Supreme Court of the United States

No. 82-5279

ARTHUR DIXSON, PETITIONER,

v.

UNITED STATES

ON PETITION FOR WRIT OF CERTIORARI to the United States Court of Appeals for the Seventh Circuit.

ON CONSIDERATION of the motion for leave to proceed herein in forma pauperis and of the petition for writ of certiorari, it is ordered by this Court that the motion to proceed in forma pauperis be, and the same is hereby, granted; and that the petition for writ of certiorari be, and the same is hereby, granted. The case is consolidated case No. 82-5331, *James Lee Hinton* v. *United States*, and a total of one hour is allotted for oral argument.

December 13, 1982

Supreme Court of the United States

No. 82-5331

JAMES LEE HINTON, PETITIONER

v.

UNITED STATES

ON PETITION FOR WRIT OF CERTIORARI to the United States Court of Appeals for the Seventh—Circuit.

ON CONSIDERATION of the motion for leave to proceed herein in forma pauperis and of the petition for writ of certiorari, it is ordered by this Court that the motion to proceed in forma pauperis be, and the same is hereby, granted; and that the petition for writ of certiorari be, and the same is hereby, granted. The case is consolidated with case No. 82-5279, *Arthur Dixson* v. *United States*, and a total of one hour is allotted for oral argument.

December 13, 1982